Daily Report

Latin America

FBIS-LAT-90-171
Tuesday
4 September 1990

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CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

Bird Claims Opposition to Security School *[CANA]* 1
Vere Bird Testifies at Commission *[CANA]* 1
Cuban Attorney General Holds News Conference *[Havana Radio]* 1

INTER-AMERICAN AFFAIRS

Baltodano Remarks on Increase in Drug Trafficking *[ACAN]* 3
Colombia Announces Reactivation of Group of Three *[AFP]* 3
Paraguay Signs Cooperation Agreement *[Asuncion ABC COLOR 1 Sep]* 3
Hoyte Says Relations With Trinidad 'Excellent' *[CANA]* 4

CARIBBEAN

Cuba

Ambassador Says U.S. 'Hindering' UN Work *[Havana International]* 5
CTC Issues Communique on Conservation Measures *[Havana TV]* 5
Rebelde Describes Five Food Sales Systems *[Havana Radio]* 5
Domestic Trade Ministry Reports Further Rationing *[Havana Radio]* 6
Electric Power Demand Reduction in Havana Noted *[Havana TV]* 6
Havana Gas Stations Network Restructured *[Havana TV]* 6
Two More Citizens Abandon Spanish Embassy *[Madrid EFE]* 6
Another Refugee Departs *[Madrid EFE]* 7
Three More Refugees Leave *[Madrid EFE]* 7
Havana Notes Soviet Official's Remarks *[Havana Radio]* 7
ANPP's Benitez on Changes To Perfect Democracy *[Havana Radio]* 7
Vice President of Council of Ministers Removed *[AFP]* 8
Fernandez Boada Appointed Light Industry Minister *[Havana TV]* 8
Foreign Minister Begins Visit to Venezuela *[Havana TV]* 8
Ambassador Says Relations With Nicaragua 'Good' *[Havana Radio]* 8
Havana Notes Exiles' Meeting in Nicaragua *[Havana Radio]* 8
Intellectuals Meet With Bolivian Official *[Havana TV]* 9
Mexican Opposition Leader Meets With Castro *[Havana Radio]* 9
Havana Notes Mexico's Refusal To Grant Asylum *[Havana Radio]* 9
Ministers Meet With Allende's Widow *[Havana TV]* 9
Angola Suspends Interest Payments to Havana *[Havana TV]* 9
37,136 Internationalists Withdrawn From Angola *[Havana TV]* 9
Chissano Sends Letter to Castro on Bilateral Ties *[Havana TV]* 10
Zimbabwean Cooperation Delegation Begins Visit *[Havana TV]* 10
Castro Bids Farewell to Austrian Ambassador *[Havana TV]* 10
Risquet Greets Arriving Chernobyl Children *[Havana Radio]* 10

CENTRAL AMERICA

El Salvador

Reportage Views Appointment of Defense Minister 11
Col. Ponce Made Defense Minister *[ACAN]* 11
Further on Appointment *[San Salvador TV]* 11
Larios Ouster Said Not Due To Rift *[San Salvador TV]* 11
Cristiani: Removal Part of 'Purge' *[San Salvador TV]* 11

Cristiani Speaks at Swearing-In *[San Salvador Radio]* 12
Ponce Pledges Support to Government *[San Salvador Radio]* 12
Rebel Radio Comments on Change *[Radio Venceremos]* 13
Church Asks Col. Ponce To Support Dialogue *[San Salvador Radio]* 14
Larios Appointed President of Military University *[LA PRENSA GRAFICA 29 Aug]* 14
FMLN Alerts Fighters for 'Civic Campaign' *[San Salvador TV]* 15
Cristiani Says FMLN Stand Precludes Accord *[ACAN]* 15
FMLN Says It Will Continue Fighting *[Radio Venceremos]* 15
Attackers Hurl Grenade at Opposition's Guard *[San Salvador TV]* 16
Leftists Condition Participation in Elections *[San Salvador Radio]* 16
FMLN Commander's Statement on Negotiations *[San Salvador Radio]* 16

Nicaragua

Chamorro Speech Concludes Army Day Ceremony *[Managua Radio]* 17
Humberto Ortega Reads Army Pronouncement *[Managua Radio]* 18
U.S. Pressure To Break Ties With Cuba Denied *[BARRICADA 31 Aug]* 20
War Disabled Take Over State TV Station *[AFP]* 20
Lacayo Addresses Forum on State, Democracy *[Managua Radio]* 21
Mayoral Decree on Land Privileges Annulled *[Managua Radio]* 22

Panama

Molirena's Fernandez Elected Assembly President *[Panama City Radio]* 23
Assembly Elects Two Vice Presidents *[Panama City TV]* 23
Calderon Calls Assembly Incident 'Most Serious' *[ACAN]* 23
Endara Gives Legislative Assembly Speech *[Panama City TV]* 24
Electoral Tribunal Chooses New President *[LA ESTRELLA DE PANAMA 28 Aug]* 29

SOUTH AMERICA

Argentina

Foreign Minister Cavallo Travels to Mideast *[DYN]* 30
More on Cavallo Trip *[DYN]* 30
Economic Minister Gonzalez Announces 'New Stage' *[Buenos Aires TV]* 31
Defense Chief, British Envoy Discuss Falklands *[NOTICIAS ARGENTINAS]* 33
Joint Fisheries Affairs Group To Meet in Sep *[BUENOS AIRES HERALD 31 Aug]* 33
Australian Official Discusses Bilateral Issues *[BUENOS AIRES HERALD 31 Aug]* 34
Foreign Minister on Regional Economic Integration *[TELAM]* 34
President Menem Returns From Uruguay Visit *[TELAM]* 34
Police Discover Weapons Cache in Buenos Aires *[LA PRENSA 29 Aug]* 34

Brazil

Collor on Gulf Crisis, Energy Alternatives *[FOLHA DE SAO PAULO 30 Aug]* 35
Rezek Says No More Weapons Exports to Iraq *[Tokyo KYODO]* 37
King Husayn Asked To Help Free Latin Americans *[FOLHA DE SAO PAULO 31 Aug]* 37
Experts in Iraq Claim Their Work Was Approved *[O ESTADO DE SAO PAULO 2 Sep]* 37
Situation in Iraq, Status of Citizens Reported *[Rio de Janeiro TV]* 38
President Reportedly Considering Cabinet Changes *[FOLHA DE SAO PAULO 29 Aug]* 38
Government Raises Rates, Removes Price Controls *[FOLHA DE SAO PAULO 31 Aug]* 39
New $1.23-Billion Program To Create 100,000 Jobs *[Rio de Janeiro TV]* 39
Government Increases Minimum Wage 16.39 Percent *[Brasilia Radio]* 39
Minister Announces End of Compulsory Union Tax *[O ESTADO DE SAO PAULO 30 Aug]* 39
French Company Signs Satellite Launch Contract *[Brasilia Radio]* 40

Colombia

Local Trials To Take Priority Over Extradition *[Bogota Radio]* 40
Further on Extradition Policy *[Madrid EFE]* 40
EPL, Self-Defense Groups Sign Peace Agreement *[Madrid EFE]* 41

Bird Claims Opposition to Security School

FL3108224690 Bridgetown CANA in English 2230 GMT 31 Aug 90

[Text] St. John's, Antigua, Friday, Aug 31, CANA—Deputy Prime Minister Lester Bird said on Friday he was against a proposal by an Israeli company for setting up a security school in Antigua and Barbuda, because of Israel's South African ties. Giving testimony before the commission of inquiry into the transshipment of Israeli arms from Antigua to Colombian drug dealers in 1989, Bird said his brother, Vere [Bird], Jr., a former public works minister, had told him about the proposed school. He said he "vetoed the plan" and told his brother that Israel was involved in making an atomic bomb in South Africa.

Investigators say the people behind the school proposal had shipped the arms to Antigua then Colombia.

The deputy prime minister told the commission that the proposed military training school was meant to train defence force and police personnel, with a specialty shop to sell small arms and related items.

"Looking at it now I don't think that it would be something desirable for Antigua in respect to our tourism," Bird said.

The Antigua government said it never ordered the arms, while Israel argues that Bird, Jr. sanctioned the deal. Bird Jr., who denies involvement, will give evidence Monday.

Lester Bird, who is also foreign minister, said he was not bent on getting his brother sanctioned, but thought the situation warranted an investigation. Lester Bird said that last April, 1989, when Colombia sent the "diplomatic note" protesting the transfer of the guns and he got in touch with his brother, he did not recall using "graphic" language, "but I wanted to know if he was truly involved in it". "Notwithstanding all that is said, Vere is still my brother, so I wanted to find out because it could affect the Bird family, and of course have a serious impact on the country and government," he told the commission, headed by British jurist Louis Blom-Cooper.

"From the outset Vere has said he had no knowledge of the matter. That is why I launched the investigation. I considered it a serious matter with grave complications."

Vere Bird Testifies at Commission

FL0309210890 Bridgetown CANA in English 1950 GMT 3 Sep 90

[Text] St. John's, Antigua, Sept 3, CANA—Former Antigua Works Minister Vere Bird Jr. testified Monday that a group of Israelis proposed setting up a school here to train body guards but he opposed the idea after consultations with his brother, Deputy Prime Minister Lester Bird.

Bird Jr., was testifying before a commission of inquiry into the transshipment of Israeli arms through Antigua last year to Colombian drug smugglers.

"(The investors) were described as people who wanted to set up an executive school to train bodyguards and drivers from the United States and Canada," Bird said. "...It was described as a school that would be of great benefit for tourism," he told the sole commissioner, British lawyer Louis Blom-Cooper. He said that the investors were introduced to him in 1981 by Maurice Safarti, a former melon farmer here, whose present whereabouts are unknown.

Bird Jr. said that he had been given two sets of documents by the investors, which he passed on to Foreign Minister Lester Bird and the head of the Antigua and Barbuda Defence Force, Col. Clyde Walker. He said that the deal fell through after his brother told him about Israel's South African connection.

Bird Jr. admitted that he did legal work for Safarti, but stressed that he played no role in ordering the guns from Israel. "I knew nothing about ordering or transhipment of arms," Bird told the commission.

Bird said that he requested leave of absence from his ministerial duties in an effort to give the Cabinet the opportunity of carrying out investigations. "I heard (on the radio) a pronouncement coming from the Ministry of External Affairs that the minister (Lester Bird) ... had received a communique from the Israeli Embassy in Santo Domingo stating they had documents purporting to be signed by me and one was an end users certificate and the other a mandate.

"I did not go to Cabinet, I wrote the prime minister a letter stating that in view of what I heard that I ask for a leave of absence from my ministerial duties until the whole matter is cleared up," he said. "I thought it right and fair that if such a serious accusation was made my collegues should have the freedom to carry out what they wanted to do in the interest of Antigua rather than I be a member of the Cabinet and fetter their wishes."

Bird said that in order to clear his own name he also felt that there had to be a proper investigation.

Cuban Attorney General Holds News Conference

FL3108175690 Havana Radio Rebelde Network in Spanish 1700 GMT 31 Aug 90

[Text] The Cuban delegation to the Eighth UN Conference on Crime Prevention and Rehabilitation will propose a draft resolution on the negative effects the present economic crisis in underdeveloped countries has on crime prevention and the functioning of the penal system. This was stated by Cuba's Attorney General Ramon de la Cruz Ochoa during a news conference this morning.

[Begin De la Cruz Ochoa recording] We are saying that the economic adjustment programs being implemented

by many Third World countries should take into account the social implications and the effects on crime prevention and rehabilitation of criminals. As you may understand, many adjustment programs presented now in Latin America and other Third World areas involve cuts in social programs such as housing, education, and public health. Undoubtedly, all this has negative effects on crime prevention activities which are closely linked to social programs.[end recording]

De la Cruz Ochoa said Cuba is looking for solutions to the present economic situation without directly affecting the population.

The Cuban attorney general referred to two complex topics the participants of the conference are discussing: terrorism and the creation of an international court. On this he stated that any draft on the court has to respect the sovereignty rights of the peoples. He said there is no consensus on this subject nor on terrorism.

Asked by reporters about how the foreign press has manipulated a request made for three Cuban citizens described as dissidents to participate in the conference, the attorney general answered:

[Begin De la Cruz Ochoa recording] The Cuban delegation will not admit any type of manipulation on this situation and will oppose a manipulation that attempts to give political tones or stage a show [preceding word rendered in English] during this event. We will firmly oppose this. We are fighting the battle at the legal level. [end recording]

In the meantime, the fifth day of work of the Eighth UN Conference on Crime Prevention and Rehabilitation continues today. Debates are going on at a plenary session on crime prevention and penal justice within the framework of development. A research seminar is also being held here on the measures that can be taken as substitutes to prison sentences.

Baltodano Remarks on Increase in Drug Trafficking

PA3108184090 Panama City ACAN in Spanish 0041 GMT 30 Aug 90

[Text] Managua, 30 Aug (ACAN-EFE)—Duilio Baltodano, attorney general and president of the National Drug Commission, has stated that Nicaragua has become a "bridge" for international drug trafficking. His statements were made at the inauguration of the first meeting of Central American officials for the eradication of drugs, which began in Managua today.

Baltodano said that one of the main areas used by drug traffickers is the Nicaraguan Atlantic coast. However, he did not mention the nationality of the drug traffickers who use the area.

The official also expressed his concern because the use and illegal sale of drugs has increased "dramatically" in Nicaragua. He said that "this serious threat" has spread to education centers over the past four months.

The attorney general also asked delegates to the meeting, which will end on 31 August, to join efforts to "eradicate this serious threat to the health of our youths and mankind."

Representatives from the United Nations Latin American Institute Against Drugs and the International Center to Combat Drug Trafficking are participating in the meeting, during which recommendations will be made as to how to implement a regional agreement to fight drug trafficking.

Colombia Announces Reactivation of Group of Three

PA0409050490 Paris AFP in Spanish 0433 GMT 4 Sep 90

[Text] Bogota, 3 Sep (AFP)—On 3 September Colombia announced the reactivation of the Group of Three, which groups together Mexico, Colombia, and Venezuela, in an effort to strengthen relations and make use of the energy resources of the region.

A spokesman for the Narino Palace, who preferred to remain anonymous, reported that President Cesar Gaviria is planning a two-day official visit to Mexico City as of 16 September with this purpose in mind.

He said that Colombia and Mexico have quietly increased their bilateral relations in recent days, and Gaviria's visit to President Carlos Salinas de Gortari comes at "an ideal time."

"As a matter of fact, Mexico will be President Gaviria's first international visit," the source said, pointing out that he will return to Bogota on 18 September in order to travel then to the United Nations Organization in New York on 25 or 26 September.

He explained that Colombia and Mexico are two countries that generate energy. Colombia produces and exports coal, while Mexico exploits petroleum.

Also, the presidential spokesman said, Mexico is building a series of hydroelectric plants that operate with enormous amounts of coal that Colombia can sell to them in the short term.

He added that Colombia is also planning to revitalize its presence in the Caribbean, and added that the Persian Gulf crisis is testing the capacity of the countries of the Group of Three to supply fuel to the hemisphere.

"There is interest in achieving a greater energy development in the Caribbean Basin," the presidential spokesperson said, adding that Colombia will also support the "initiative for the Americas" proposed by the United States.

The presidential spokesperson said that Mexico has vast experience in handling the U.S. Government, something that Colombians must learn in order to expand bilateral relations with Washington.

He said that while in Mexico City, Gaviria will also broach with Salinas certain strategies in the struggle against drug trafficking. However, he explained, the issue of drugs "is just one more issue on the agenda."

Paraguay Signs Cooperation Agreement

PY0309163690 Asuncion ABC COLOR in Spanish 1 Sep 90 p 10

[Text] Paraguay has taken yet another step toward Latin American integration. Yesterday Paraguayan Foreign Minister Alexis Frutos Vaesken signed a protocol of adherence to the partial agreement for cultural, educational and scientific cooperation and integration, and he reaffirmed Paraguay's decision to join the Latin American Common Market. He also signed the Agreement for the Promotion of Tourism in South America.

Uruguayan Government officials emphasized the meaning of Paraguay's decision to join the Common Market. Frutos Vaesken thanked Uruguay for its invitation to join the Common Market. Frutos Vaesken and his Uruguayan counterpart, Hector Gros Espiel, signed a joint declaration stating their decision to strengthen the River Plate Basin organization and to give priority attention to the development of the waterway. Frutos Vaesken invited Gros Espiel to visit Paraguay, but no date has been set.

Frutos Vaesken also attended a special session of the Latin American Integration Association (ALADI) and signed on behalf of Paraguay the previously mentioned protocol which the foreign ministers of Argentina, Colombia, Brazil, Mexico and Venezuela already signed on 27 October 1988. The objective of this protocol is to encourage the establishment of a common market for cultural goods and services aimed at expediting educational, cultural, and scientific cooperation among the signatory countries and at improving education and training as well as mutual knowledge of Latin American peoples.

Through this accord, the participating countries agreed to institute free circulation of cultural, educational and scientific material, art objects, collectibles, and antiques, provided they are certified as such by the appropriate officials of the country of origin.

Frutos Vaesken also signed the Agreement for the Promotion of Tourism in South America intended to attract tourists, disseminate regional cultural values, encourage intraregional tourism, and pave the way for cooperative undertakings.

Hoyte Says Relations With Trinidad 'Excellent'

FL0309181090 Bridgetown CANA in English 1855 GMT 1 Sep 90

[Text] Georgetown, Guyana, Sept 1, CANA—Guyana's president, Desmond Hoyte, has described the Trinidad and Tobago Government as having a "firm determination to uphold and preserve the democratic process" in the twin-island state and throughout the Caribbean. In a message to President Noor Hassanali on the occasion of the twin-island republic's 28th anniversary of independence, Friday, Hoyte expressed his satisfaction with what he said was "the excellent nature" of the bilateral relations between Guyana and Trinidad and Tobago.

He continued: "In strengthening and improving our relations, both of our countries are making a significant contribution to Caribbean ... and the integration process of the sub-region as a whole". [sentence as received] And, in an obvious reference to the manner in which the Port of Spain government dealt with a recent hostage crisis and attempted coup by a group of Black Muslims, Hoyte added: "I cannot conclude this message without commenting on the demonstration of courage, will and wisdom which enabled you and your government to overcome the threat posed to it by recent events in your country and applauding your firm determination to uphold the democratic process in Trinidad and Tobago and the Caribbean".

Cuba

Ambassador Says U.S. 'Hindering' UN Work

PA0109152390 Havana International Service in Spanish 1400 GMT 1 Sep 90

[Text] Cuba has accused the United States of hindering the work of the UN Security Council to solve the blockade of food and medication against Iraq, which affects innocent persons.

Ricardo Alarcon, Cuban ambassador to the United Nations, has charged that Washington is also blocking an adequate solution to the serious economic problem being confronted by Jordan and other nations in complying with the embargo imposed on Iraq by the Security Council.

At the conclusion of the 31 August meeting of the Special Commission of the Security Council entrusted with supervising the sanctions imposed on the Arabian country, the Cuban diplomat complained of the slowness of that organization in responding to the aforementioned urgent problems.

Over two weeks ago, Cuba presented a draft resolution reaffirming that—for humanitarian reasons—food, medication, and medical services are the exceptions to the sanctions approved last 6 August against Iraq.

Iraqi diplomatic sources at the United Nations said that their government has been forced to impose, as of 1 September, food rationing due to the shortage brought about by the embargo.

CTC Issues Communique on Conservation Measures

FL0109020690 Havana Television Service in Spanish 0000 GMT 1 Sep 90

[Text] "To Encourage the Creativity of Workers is a Duty That the Trade Unions Cannot Postpone," is the title of a communique published today by the TRABAJADORES newspaper, organ of the CTC [Cuban Workers Federation]. The text stresses that because of its magnitude and reach, the measures recently announced in the GRANMA newspaper have had almost the unanimous comprehension and support of the majority of the people. To fulfill these measures is the patriotic commitment and duty of each one of us.

We workers are the ones who are best qualified to rationally use and save resources based on our experience and knowledge of the equipment with which we produce. We will get much more from the energy resources we count upon if we apply practical measures in each specific location, reorganize work schedules, accommodate the use of electricity, and firmly reduce electrical use during peak hours.

In a situation such as this, the CTC communique says, there will be a shortage of certain resources and some productions lines and services could come to a partial standstill. This does not discourage us; instead, it stimulates our combativeness to guarantee priority work and increase the production of agricultural products and sugar.

Now, as in other difficult times, the workers and trade unions have unlimited confidence in the leaders of the revolution. It is the time to reinforce, more than ever, our collective vigilance against waste, hoarding, speculation, and cronyism.

The challenge of the trade unions, the CTC note concludes, will be to operate without setbacks, smoothly, and dynamically and to encourage those potentials which, in times such as these, are developed and come rushing from the hands, hearts, and intelligence of the workers.

Rebelde Describes Five Food Sales Systems

FL0109010390 Havana Radio Rebelde Network in Spanish 2338 GMT 31 Aug 90

[Report by Richard Clenton on the "Exclusivo" program]

[Excerpts] [Clenton] Today we met with Comrade Rigoberto Fernandez Leon, vice minister of domestic trade, who informed us of five food sales systems. Our people know that these systems are being applied because of our country's economic situation. Nevertheless, the comrade minister told us that this is the best and most fair system of distribution. The five systems are the following: free sale, limited free sale, limited sale among consumers that have ties to a retail food establishment, the controlled sale of products to consumers with ties to a retail food establishment, and rationed products.

I want to tell the population that this is not the first time we will discuss this topic. [sentence as heard] Even Vice Minister Fernandez Leon will personally explain this. We will try our best to clarify any doubt the population has. Very quickly, I want to describe these systems.[passage omitted in which Clenton says he is losing his voice and asks the announcer to read the descriptions of the systems]

[Announcer] Free sale: This applies to food products whose sales are not controlled by annotation in the ration book and there are no limitations on the amount of products that can be purchased. They can be distributed through normal or specialized stores.

Limited free sale: This method allows the limited sale of certain products that are in high demand because the quantities received at any given time, prices, or other factors can lead to excessive purchases, distorted sales, or irritation among the population. These products can be distributed through normal or specialized stores.

Limited sale to consumers with ties to a retail food establishment: This method allows the sale of products sold on a limited basis exclusively to consumers that have ties with a retail food establishment. The sale of these products will be controlled through an internal

control mechanism in the establishment and the items will be distributed at normal stores.

Products on controlled sale to consumers with ties to retail food establishments: This method controls the sale of non-rationed products to units or consumers that have ties with a retail food establishment through the annotation made in the ration book for food products and the additional internal control mechanism established by the provincial leaders, without establishing a guaranteed fixed quota. Distribution will be at normal stores.

Rationed products: These are items that are made available per capita or per family.

[Clenton] Of these five systems, two are very familiar—free sale and the sale of rationed products. But the system of limited sale between consumers that have ties pertains to those consumers who have ties to warehouses or supermarkets. [passage omitted]

All this is nothing more than the result of the country's economic situation. But there is one thing I want to say to my people: No one will go hungry here in Cuba.

Domestic Trade Ministry Reports Further Rationing

FL3108205790 Havana Radio Reloj Network in Spanish 1932 GMT 31 Aug 90

[Text] In a meeting with journalists, Rigoberto Fernandez, official spokesman of the Domestic Trade Ministry, has reported that the sale of food and industrial products will be controlled or regulated as long as necessary. Fernandez, who is also vice minister of domestic trade, said that to fairly distribute products among the population, canned meat and biscuits were removed from the list of non-rationed items and similar measures will be applied to cream cheese and other indispensable food items. Products are being analyzed individually to determine if it is necessary to apply control measures and inspectors are checking to see that these measures are being fulfilled in all units.

Nonrationed products will be sold freely, on a limited basis, for consumers who have ties with the units, and on a controlled basis by noting their purchase in ration books without having to establish a fixed quota.

Electric Power Demand Reduction in Havana Noted

FL3108125090 Havana Tele Rebelde Network in Spanish 1100 GMT 31 Aug 90

[Text] The real possibility of reducing electric power consumption by some 80 megawatts a day at this time of the year has been shown by the response of the people to the measures implemented to reduce the electric power demand. A reduction of 60 megawatts of electric power consumption was registered on the first day the measure was implemented. This was reported at the electric union's power dispatch center in Havana where the generation of electric current is planned and the daily power program is carried out. That is, where supply and demand are controlled.

Marcelino Garcia Artes, director of the power dispatch center, said he is certain that the goal will be achieved.

[Begin recording] [Garcia] According to the estimates based on the activities of the last few days, yesterday we expected a demand of 1,970 megawatts. The real demand was 1,910 megawatts. Thus, it was reduced by 60 megawatts.

[Unidentified reporter] How do you explain this?

[Garcia] Undoubtedly, the work carried out by our people to reduce electric power consumption has had a great impact on this. [end recording]

Havana Gas Stations Network Restructured

FL3108133590 Havana Tele Rebelde Network in Spanish 1100 GMT 31 Aug 90

[Report by Oscar Suarez from Havana]

[Text] Another example of how the population has received the measures implemented because of the fuel deficit is seen in the gas stations in the capital.

Manuel Diaz, director of the gasoline stations enterprise, reported that to provide a better service, the gas stations network has divided its stations into those for state vehicles, those for the population, and mixed. The measure began implementation last night.

Sixty-one units dispatch gasoline to private vehicles, 52 to state vehicles, and 20 are mixed. The latter are located in the outskirts of the capital to provide a more efficient service to their state and private users.

Thirty gas stations for state vehicles have been prioritized to exclusively serve vehicles that provide basic services to the population; that is, those that transport food, passengers, and vehicles that are related to health services, among others.

It was also reported that gas oil state coupons have not be devalued. It was also explained that private coupons issued for any quarter in 1990 will maintain their nominal value during the rest of the year.

Two More Citizens Abandon Spanish Embassy

PA0309021990 Madrid EFE in Spanish 0146 GMT 3 Sep 90

[Text] Havana, 2 Sep (EFE)—Two of the remaining seven Cubans who had sought refuge at the Spanish Embassy in July today abandoned the diplomatic mission of their own free will.

The two refugees are 32-year-old Jaime Oliveras Callaba and 24-year-old Norberto Fajardo Govantes. At 1940 (2340 GMT) the two refugees abandoned the Spanish

Embassy in an official embassy vehicle. They were accompanied by two Spanish policemen, who took them to a location in the city that they had chosen.

With their departure, and Saturday's departure of four other refugees, there are now only five Cuban citizens remaining as refugees at the Spanish Embassy.

Fajardo and Oliveras were members of the so-called Group of the Robust, as they are called at the embassy. It is believed that this group of refugees was infiltrated by the Cuban Security Service.

Of the five refugees remaining inside the embassy, three are members of the Group of the Robust. There are no doubts regarding the other two refugees.

The issue of the refugees at the Spanish Embassy, which has damaged the traditionally good relations between Spain and Cuba, began on 11 July when the first refugee entered the diplomatic mission. Eighteen refugees in all entered the Spanish Embassy after that date.

Fajardo and Oliveras' departure, which was witnessed by EFE, was controlled from outside the embassy by members of the Cuban Security Service. They checked the documents of the two men before they left the mission.

Another Refugee Departs

PA0209051290 Madrid EFE in Spanish 0442 GMT 2 Sep 90

[Text] Havana, 2 Sep (EFE)—Another Cuban refugee abandoned the Spanish Embassy in Havana today at 2230 (0230 GMT). He was the fourth person to abandon the diplomatic mission on 1 September.

The last refugee to leave the Spanish Embassy is Otoniel Pichardo Rangel, a 41-year-old dental technician. Pichardo sought refuge at the Spanish Embassy on 18 July.

Sergio Wong and Maribel Lopez and their 11-month-old daughther Elizabeth left the embassy earlier.

Ignacio Ruperez, charge d'affaires at the Spanish Embassy in Havana, told EFE that Pichardo did not give any explanations regarding his decision to abandon the diplomatic mission.

At present, seven of the 18 refugees who originally entered the embassy remain.

Pichardo managed to enter the diplomatic mission by jumping from a moving bus to the embassy's fence, where his leg got stuck when a Cuban policeman tried to stop him from entering.

Ruperez added: We told Pichardo the same thing we have told all the refugees who have asked to be let go: that is, we are not throwing them out but they are free to go voluntarily.

Three More Refugees Leave

PA0109215490 Madrid EFE in Spanish 1758 GMT 1 Sep 90

[Text] Havana, 1 Sep (EFE)—Three more refugees of the 11 who still remained at the Spanish Embassy left that diplomatic mission of their own free will at 1310 (1710 GMT) today.

The three who left the embassy are: 26-year-old Sergio Wong, his 24-year-old wife Maribel Lopez Mingolarra, and their 11-month-old daughter Elisabeth Wong Mingolarra.

Their departure, which was witnessed by EFE, was a somewhat emotional one because the couple seemed worried and the child kissed all the embassy officials who had taken care of her during the 43 days that she was inside the mission.

With the departure of these three persons, who sought refuge at the embassy on 20 July, there are now eight persons remaining inside the diplomatic mission.

Of the eight still remaining, there are three whose status of refugee is not doubted by the Spanish diplomats and five who are members of the so-called Group of the Robust [Grupo de Los Fornidos], who are believed to have been infiltrated by the Cuban security.

Havana Notes Soviet Official's Remarks

FL0109022390 Havana Radio Rebelde Network in Spanish 2303 GMT 1 Sep 90

[Text] Friends, Yan Burlyay, the USSR Foreign Ministry's deputy chief of the Latin American Countries Administration, has said that the policy the United States practices in regard to Cuba is typical of the cold war. The Soviet official proposed a dialogue between Washington and Havana as a way to diminish tensions. Burlyay said that only through dialogue between the United States and Cuba can current problems between the two countries be solved.

The Soviet official also mentioned the Friendship Treaty signed between Cuba and the USSR at the conclusion of President Gorbachev's visit to Cuba in April 1989.

Burlyay made these remarks in the framework of a Central American tour he is making to discuss the regional situation with area authorities.

ANPP's Benitez on Changes To Perfect Democracy

FL0309214890 Havana Radio Reloj Network in Spanish 1932 GMT 3 Sep 90

[Text] We will make changes to our parliament, not to go backwards but to perfect our democracy. This was stated by Zoila Benitez, vice president of the National Assembly of the People's Government [ANPP]. Benitez granted a news conference to national and foreign journalists reporting the details of the Eighth UN Conference

on Crime Prevention and Rehabilitation being held at Havana's Palace of Conventions.

She added that mistakes are being rectified, but that the basic principles of this top organization have not been questioned at any time. We want socialism adapted to our conditions, she said.

One of the tasks we have begun is to increase the ability of a delegate to play the supervisory and inspection role in this special stage in which we are preparing to resist without giving up development. The ANPP has created commissions composed of deputies whose basic task is to learn how these government organizations operate at the grass roots level. Benitez reported that the commissions created will work in 35 municipalities in the country and will be especially interested in economic controlled activities.

Also, in Villa Clara Province, which will report back during the next ANPP session, a group of deputies are conducting studies to learn how the ANPP is carrying out its activities.

Zoila Benitez announced that period in which the delegates report back to their constituents in the entire country will begin on 1 October. Preparations are being made for this.

Vice President of Council of Ministers Removed

PA0309144090 Paris AFP in Spanish 1408 GMT 3 Sep 90

[Text] Havana, 3 Sep (AFP)—A Cuban official press note released today announces the removal of Antonio Esquivel Yedra from his post as vice president of the Cuban Council of Ministers and minister of light industry. The note says that Esquivel was removed from his post for "health reasons."

The note indicates that the Council of State made the decision after a request presented by Cuban President Fidel Castro.

The note adds that Eddy Fernandez Boada has been appointed as new light industry minister. Until now, Fernandez had been the president of the Provincial Assembly of Santiago de Cuba Province, approximately 1,000 km east of Havana.

Fernandez Boada Appointed Light Industry Minister

FL0309153590 Havana Tele Rebelde Network in Spanish 1000 GMT 3 Sep 90

[Text] The Council of State, at the proposal of its president, agreed to appoint Comrade Eddy Fernandez Boada minister of light industry, while relieving Comrade Antonio Esquivel Yedra of those duties for health reasons. The latter had been carrying out those duties and was also vice president of the Council of Ministers. Fernandez Boada had held the post of president of the Provincial Assembly of the People's Government in Santiago de Cuba since November 1976. Meeting in a special session, this assembly elected Comrade (Reinaldo Endisendis) as president; he had been vice president up to this time. (Luis Estruch) was elected vice president.

Foreign Minister Begins Visit to Venezuela

FL0309152590 Havana Tele Rebelde Network in Spanish 1000 GMT 3 Sep 90

[Text] Cuban Foreign Minister Isidoro Malmierca arrived in Caracas on Sunday on an official visit to Venezuela [words indistinct]. He will also participate in the Latin American Economic System [SELA] meeting and the informal dialogue of regional foreign ministers. Malmierca was met by his Venezuelan counterpart, Reinaldo Figueredo, and a large number of journalists. To the latter's questions he answered, among other things, that Cuba advocates a negoti ited, peaceful solution to the Persian Gulf conflict.

Ambassador Says Relations With Nicaragua 'Good'

FL0309222090 Havana Radio Reloj Network in Spanish 1955 GMT 3 Sep 90

[Text] Cuban Ambassador to Nicaragua Fernando Ravelo has stated that relations between Cuba and Nicaragua continue to be good and added that they will continue to be fruitful. In remarks made exclusively to the newspaper BARRICADA, the Cuban diplomat said he had excellent relations with Nicaraguan Foreign Minister Enrique Dreyfus, with the entire staff of the Nicaraguan Foreign Ministry, as well as with the government in general.

We have a good flow of information, a good understanding in all spheres of reciprocal interest, he added. Ravelo also said he believes that the relation of mutual respect and non-interference in internal matters will continue to develop.

The Nicaraguan Foreign Ministry has not appointed its ambassador to Havana yet but a government delegation is expected to visit the island. This visit will seek the improvement of bilateral cooperation ties.

Havana Notes Exiles' Meeting in Nicaragua

FL3108203290 Havana Radio Reloj Network in Spanish 1933 GMT 31 Aug 90

[Text] The BARRICADA newspaper today expressed concern that repugnant actions may be committed under the slogan of liberty and democracy against Cuba and other states with which Nicaragua maintains relations.

In an article entitled: "Nicaragua: New Base of Aggression," the newspaper condemned the meeting held by exiles of Cuban origin, officials of the current government, and opposition deputies, in which the exiles called for the forcible overthrow of the Cuban Revolution. The newspaper described the meeting as a violation of the peaceful coexistance that exists with friendly countries.

such as Cuba, and stressed that the Nicaraguan people cannot forget the aid the island has given them. BARRICADA also said that if the government of Violeta Barrios de Chamorro does not take action against those who are responsible for this meeting, Nicaragua may become a new base of aggression against other countries.

Intellectuals Meet With Bolivian Official

FL3108151190 Havana Tele Rebelde Network in Spanish 1100 GMT 31 Aug 90

[Text] Bolivian President [as heard] Luis Ossio Sanjines has received in his office Cuban intellectuals Carlos Tablada and Juan Antonio Blanco. Ossio Sanjines, who is also president of the Bolivian Congress, talked with Tablada and Blanco for some 40 minutes. They exchanged points of view and information on the two countries and referred to subjects of mutual interest. The Cuban visitors also met in La Paz with the staff of the Latin American Institute of Social Research and with Bolivian political and union leaders.

Mexican Opposition Leader Meets With Castro

FL0409011890 Havana Radio Rebelde Network in Spanish 2300 GMT 3 Sep 90

[Text] There is a broad cooperation outlook for Mexico and Cuba in various areas. This was asserted by Mexican opposition leader Cuauhtemoc Cardenas in remarks published today by the daily LA JORNADA. The leader of the Party of the Democratic Revolution, who visited Cuba in late August, said he met with Cuban President Fidel Castro here.

Cardenas added that he saw in Fidel a person concerned about making good use of Cuba's potentials and strengthening relations with Latin American countries. The Mexican opposition leader stated that the Cuban leader regretted the mechanical transfer of economic, political, and financial models made by East Europe.

However, Cardenas said he saw an important rectification process taking place in Cuba. Cuauhtemoc Cardenas said that if the U.S. harassment ended, surely the democratization and economic development process would take place more quickly. Cuauhtemoc noted that Cuba is undergoing a deep rectification process and asserted that Cubans should solve their internal problems.

Havana Notes Mexico's Refusal To Grant Asylum

FL0109023590 Havana Radio Rebelde Network in Spanish 2317 GMT 31 Aug 90

[From the "Exclusivo" program]

[Text] Friends, the Mexican Government has turned down the asylum request filed by two citizens of Cuban origin who last Tuesday illegally landed in Mexican territory on the Yucatan coast.

This information was provided by the Interior Secretariat of Yucatan by Raul Casares, delegate of the Mexican immigration services. The official said that his country denied the request because the two Cubans are not under political persecution, as they attempted to make authorities believe by their statements. He added that the two citizens will remain under police custody until they return to Cuba.

Ministers Meet With Allende's Widow

FL0409005090 Havana Television Service in Spanish 0000 GMT 4 Sep 90

[Text] Cuban Culture and Education Ministers Armando Hart and Jose Ramon Fernandez, respectively, visited Hortencia Bussi, president of the Salvador Allende Foundation, in Santiago, Chile. Hart and Fernandez are in Chile at the invitation of the foundation to attend the funeral services for the late Chilean president who died on 11 September 1973 as a result of a military coup against the Popular Unity government.

The Cuban ministers greeted Mrs. Bussi, Allende's widow; and her daughter Isabel, who is the foundation's director.

Angola Suspends Interest Payments to Havana

FL0109013290 Havana Television Service in Spanish 0000 GMT 1 Sep 90

[Text] The Angolan People's Assembly has decided to suspend short- and long-term interest payments on its foreign debt.

A press release issued today in Luanda says that the application of the Economic Stabilization Program requires the increase of goods for the population which implies using hard currency for direct consumption and technical-material needs. The document adds that as of this month, of the aforementioned interest payments, only those commitments pertaining to the debt that has already been rescheduled with Western countries and Cuba, interest payments to loan firms, and those pertaining to financing for oil investments will be honored.

37,136 Internationalists Withdrawn From Angola

FL0309150090 Havana Tele Rebelde Network in Spanish 1000 GMT 3 Sep 90

[Text] The Ministry of the Revolutionary Armed Forces has reported that in compliance with the bipartite agreements signed between Cuba and the People's Republic of Angola in New York on 22 December 1988, 2,041 internationalist combatants were withdrawn as planned for August. A total of 37,136 combatants have returned from Angola as of 31 August 1990. In accordance with the agreements that were signed, the entire troop withdrawal process has been monitored by the UN Verification Mission in the People's Republic of Angola.

Chissano Sends Letter to Castro on Bilateral Ties

FL0109150090 Havana Tele Rebelde Network in Spanish 1000 GMT 1 Sep 90

[Text] Joaquim Alberto Chissano, president of Frelimo [Mozambique Liberation Front] and the People's Republic of Mozambique, has sent a letter to Commander in Chief Fidel Castro, president of the Cuban Councils of State and Ministers, on the 15th anniversary of the establishment of relations between the two countries. The letter states that this date is an important event in the history of the relations between the peoples, parties, and governments of Mozambique and Cuba. The letter from Chissano to Fidel also expresses Mozambique's gratitude for the efforts of the Cuban specialists who work in various fields in that African country.

Zimbabwean Cooperation Delegation Begins Visit

FL0309151590 Havana Tele Rebelde Network in Spanish 1000 GMT 3 Sep 90

[Text] The third session of the Cuba-Zimbabwe Joint Commission on Cooperation will begin today at the Sierra Maestra Hotel in Havana. Zimbabwean Minister of Higher Education David Karimanzira is the head of the governmental delegation. He is accompanied by, among others, Minister of State for Cooperation Mr. Mubako.

At the airport, our reporter (Roberto Aranchar) talked with the minister of higher education.

[Begin recording] [Karimanzira in English, with simultaneous Spanish translation] I do not think that any of the changes that are taking place right now will affect this friendship. We are also working in the framework of South-South cooperation. We cannot separate ourselves from that. We survive thanks to this kind of cooperation. I do not think that any type of change that may occur in the world will affect South-South cooperation. They only serve to make us aware [words indistinct] to survive in the context of change.

[(Aranchar)] Can we talk about being in the same trench?

[Karimanzira] What I am saying is that Cuba and Zimbabwe have their position as friends, and that whatever changes may occur, we should continue to consolidate this friendship.

[(Aranchar)] So we must help each other?

[Karimanzira] Of course. That is why we are here. [end recording]

Castro Bids Farewell to Austrian Ambassador

FL0109123090 Havana Tele Rebelde Network in Spanish 1127 GMT 1 Sep 90

[Text] Commander in Chief Fidel Castro, president of the Councils of State and Ministers, attended the farewell ceremony last night for Austrian Ambassador to Cuba Christoph Parisini, who is concluding his diplomatic mission in our country. Acting Vice Foreign Minister Jose Raul Viera; Ernesto Melendez, president of the State Committee for Economic Cooperation; and other officials also attended. Members of the diplomatic corps accredited in our country also attended and expressed their high opinion of Ambassador Parisini for the sense of responsibility he has shown in carrying out his mission in Cuba.

Risquet Greets Arriving Chernobyl Children

FL0309155090 Havana Radio Reloj Network in Spanish 1403 GMT 3 Sep 90

[Text] Today 271 Soviet children from the Russian Federative Republic arrived in Cuba to receive medical treatment as part of the cooperation between the two countries. Politburo member Jorge Risquet and Soviet Ambassador to Cuba Yuriy Petrov went to the airport to meet the group, which is primarily made up of orphaned children. Dr. Carlos Dotre, director general of medical services in Tarara, accompanied the children from the USSR at the head of a delegation of Cuban specialists, and reported that five sick children were traveling with the group. These children will go directly to the William Soler and Juan Manuel Marquez Hospitals. This morning 284 Byelorussian children who had stayed in our country for eight weeks will return to the USSR.

El Salvador

Reportage Views Appointment of Defense Minister

Col. Ponce Made Defense Minister

PA0109155290 Panama City ACAN in Spanish 1526 GMT 1 Sep 90

[Text] San Salvador, 1 Sep (ACAN-EFE)—Colonel Rene Emilio Ponce, 43, who up until yesterday was Armed Forces chief of staff, was appointed Salvadoran defense minister effective today, replacing General Rafael Humberto Larios.

According to the general order of changes, Colonel Gilberto Rubio, who was the Armed Forces deputy chief of staff is now the chief of staff.

Colonel Mauricio Ernesto Vargas, a member of the dialogue commission that was engaged in the talks with the guerrillas to end the conflict and former commander of the 3d Infantry Brigade in San Miguel, 150 km east of San Salvador, has been appointed deputy chief of staff of the Armed Forces.

These three soldiers have something in common, having belonged to the 1966 graduating class [of the General Gerardo Barrios Military Academy] known as La Tandona, which the Farabundo Marti National Liberation Front (FMLN) has demanded be purged.

Further on Appointment

PA0209043690 San Salvador Canal Doce Television in Spanish 0306 GMT 2 Sep 90

[Text] The appointment of Colonel Rene Emilio Ponce as the new defense minister was confirmed in today's General Order of Transfers of the Armed Forces. According to this document, Col. Ponce is the head of the military effective today, 1 September.

Colonel Gilberto Rubio replaces him as chief of staff. Colonel Mauricio Ernesto Vargas, who until today was commander of the 3d Military Zone in San Miguel, was appointed deputy chief of staff.

Military Order No. 8 also states that the 3d Infantry Brigade will be headed by Colonel Ciro Lopez Roque, who until now headed the Treasury Police. In addition, it states that Colonel Carlos Dorado Figueroa has been transferred from Military Detachment No. 7 in Auachapan to the Presidential Staff.

The military order says that the appointments of the director of the Treasury Police and the commander of Military Detachment No. 7 are still pending.

Larios Ouster Said Not Due To Rift

PA0209190390 San Salvador Canal Seis Television in Spanish 0200 GMT 29 Aug 30

[Text] The government has denied that General Rafael Humberto Larios' dismissal as defense minister is the result of controversies within the Armed Forces.

Ernesto Altschul, Deputy Minister of the Presidency, has rejected the position of the FMLN [Farabundo Marti National Liberation Front] that General Larios' dismissal as Defense Minister is the result of division within the Armed Forces. Altschul said that it was a routine change within the Armed Forces, as reported yesterday by a government communique.

[Begin Altschul recording] There is no rift of any kind within the Armed Forces. On the contrary, the Armed Forces are currently very united in their support for the government's position at the peace talks. The FMLN is now divided, not us. This has been proven by our intelligence reports within the country and abroad. [end recording]

The Deputy Minister also said that it is expected that the FMLN will present a more flexible position in the next round of talks. He disagreed with declarations made by Julio Adolfo Rey Prendes, who has said that the FMLN is awaiting the outcome of the upcoming elections to sign a cease-fire agreement.

[Begin Altschul recording] To use the alibi that to deny the electoral victory to the Arena [National Republican Alliance] Party we have to wait until after the elections is simply an invitation to continue the violence, terror, and pain that our people can no longer stand. [sentence as heard]

Therefore, the FMLN should not use the elections as an excuse. They have had ample time to carry out their political campaign. At the same time they have had the political opportunity to support some of the leftist trends that are already participating in the democratic process. [end recording]

Altschul again accused the FMLN of trying to use the dialogue as an instrument to their advantage and of violating the schedule signed in Caracas, which states that the cease-fire will be signed in mid-September.

Cristiani: Removal Part of 'Purge'

PA0209235790 San Salvador Canal Seis Television in Spanish 0200 GMT 1 Sep 90

[Italicized passages are recorded]

[Text] Salvadoran President Alfredo Cristiani asserted today that the change in the Defense Ministry leadership will not affect the dialogue between his government and the guerrilla movement.

Cristiani, who made exclusive statements to this newscast, said that the separation of General Rafael Humberto Larios from his post as defense minister and the other changes in the military leadership are part of the purging process being conducted within the Armed Forces.

According to Cristiani, Gen. Larios' separation was not the result of any kind of pressure:

[Cristiani] *As in the case of the withdrawal of the defense minister and [words indistinct] make changes at that level. Since 1984, however, the Armed Forces have discharged over 200 officers and over 1,000 noncommissioned officers and soldiers who did not comply with Armed Forces discipline and did not show the professionalism that Armed Forces members should display. Thus, this has been an ongoing purge, and it will continue, because it is normal for the Armed Forces to go through a process of this nature.*

Cristiani refused to reveal the name of the military officer who will become the new Salvadoran defense minister, and he was hesitant about saying whether the new defense minister could be a civilian.

However, he did say that the change will not affect the negotiations process between the government and the FMLN [Farabundo Marti National Liberation Front] in any way.

[Cristiani] *If that is the goal, the government will be willing to discuss that issue and to reach agreements in this regard. We have said this from the very beginning. We are willing to agree on a qualitative and quantitative reorganization of the Armed Forces so that this institution adapts to peacetime.*

President Cristiani also referred to the war materiel that the Honduran Army confiscated yesterday, which was bound for the FMLN:

[Cristiani] *We will have to talk with Chamorro's government. I am by no means attributing this weapons delivery to her government at all. On the contrary, I believe her government has tried to cooperate with us in that regard, but we regret that a certain group in Nicaragua is still using Nicaraguan territory to send weapons to our country, thus violating the Esquipulas II agreement.*

This morning President Cristiani attended a meeting with government officials from the eastern part of the country, and then met with Arena [Nationalist Republican Alliance] leaders in San Miguel City.

Cristiani Speaks at Swearing-In

PA0309231490 San Salvador Domestic Service in Spanish 2129 GMT 3 Sep 90

[Speech by President Alfredo Cristiani at the swearing-in ceremony for Defense Minister Colonel Rene Emilio Ponce at the Presidential House in San Salvador—live]

[Text] Many events have taken place over the past few days pertaining to the designation of the new defense minister by virtue of General Larios' resignation, and I wish only to make a few announcements in order to give you and the general public some in-depth information regarding these recent events.

As I have said before, Gen. Larios resigned for service-related and personal reasons. I had to find someone to fill the vacancy that he left at the Defense Ministry. After having considered different options and alternatives, I made a decision that became official today when Colonel Rene Emilio Ponce was sworn in as defense minister. I made the decision after studying Col. Ponce's entire professional record, which shows that he has displayed such qualities as capability, honesty, and professionalism during his military career.

Col. Ponce is taking on considerable responsibilities, especially because of the situation our country is facing. As a starting point, we have discussed the different guidelines that must be followed at the Defense Ministry. Of course [10-second break in reception] as our Constitution states, and the Salvadoran Armed Forces is entrusted with. We also discussed a few guidelines that I would like to bring to the Armed Forces—guidelines that were discussed previously with Gen. Larios and now with Col. Ponce.

To begin with, the defense minister must ensure the Salvadoran Armed Force's professionalism and life as an institution. To this effect, I have told him that he must display special interest [14-second break in reception].

I told Col. Ponce that this subject includes the Army's continued efforts to get to the bottom of the murder involving the six Jesuit priests and their two helpers, as the High Command and former Defense Minister Larios had been doing. Gen. Larios was the direct contact with Judge Zamora.

I also believe that the Armed Forces must play a fundamental role in our country's future, as it has been doing over the past few years and must continue to do. I am referring to its unconditional support of El Salvador's democratic process. To this effect, we have found in Col. Ponce a person whom we feel is totally competent and capable of fulfilling the post for which he was sworn in today.

I will leave you now with Col. Ponce.

Ponce Pledges Support to Government

PA0309233990 San Salvador Domestic Service in Spanish 2134 GMT 3 Sep 90

[Speech by Defense Minister Colonel Rene Emilio Ponce during his swearing-in ceremony at the Presidential Palace in San Salvador—live]

[Text] I wish to thank the president of the Republic and commander in chief of the Armed Forces for his trust in me in appointing me to this honorable office of defense

and public security minister. This will give me the opportunity to assist in the efforts being carried out by the legitimate government of El Salvador to attain peace and welfare for all the Salvadoran people.

Likewise, with the honor and pride of a Salvadoran soldier, I accept the responsibilities of this office. I promise the Salvadoran people, in general, and the Armed Forces, in particular, to do my best to fulfill the duties of this office with diligence and honesty, as established in our Constitution. As is already the norm and doctrine within our Armed Forces, I and everyone down to the last soldier will continue to work according to the policies and strategies ordered by the president of the Republic and commander in chief of the Armed Forces. This translates into a total, real, and absolute obedience and subordination of the Armed Forces to the top authority of the state elected by the will of the people.

We promise to work [words indistinct] strengthen the democratic process by remaining apolitical and neutral. We will abide by and ensure respect for the laws of the Republic, and will strive to eradicate, once and for all, impunity in our society. No one, absolutely no one in this country must remain unpunished for a crime he has committed.

I support the peace process promoted by the government. The Armed Forces support and seek an end to the armed confrontation and all those actions that harm the civilian population. We believe that there is no room for violence in El Salvador or in any other country on this earth. Our people want and deserve peace.

Regarding human rights, we will continue to support and promote the policy of respecting and protecting the human rights of all the Salvadoran people. We will abide by our laws, and we will respect the San Jose Pact signed recently by the government and the FMLN [Farabundo Marti National Liberation Front]. As you already know, the Armed Forces High Command has issued standard operating procedures that are being followed by all the members of the institution. Likewise, any case of human rights violations will be immediately investigated. If the involvement of a member of the Armed Forces in a crime is proven, we will immediately adopt the appropriate actions.

In the case of the murder of the Jesuit priests, we will continue to support and cooperate with the efforts being made by the court responsible for hearing this case. We recently met with Fourth Criminal Court judge Dr. Zamora, to inform him that the Armed Forces High Command is interested in speeding up this case, in applying legal procedures, and in using all the necessary resources to find those who are guilty in this delicate case. We will continue to be in touch with the Fourth Criminal Court judge. Any report or proof that he may request will be handed over to him as soon as possible. He has already received the list of names of all the commanders who attended the meeting of the Joint Chiefs of Staff on 15 November 1989. This meeting has unleashed many rumors. Therefore, we believe that if the judge considers it necessary, all the commanders must testify and clear up this case. On Friday [31 August] I submitted my second statement, and if the judge requests it, I am willing to submit as many statements as he feels are necessary. I believe that this type of action must not be approved by a professional armed forces. The institution cannot and must not allow its prestige and dignity to be trampled on by men who break the laws of the Republic or the institution.

Regarding the institutional changes, we will continue to be a professional Armed Forces and will seek efficiency in our actions. We are carrying out the necessary studies to reorganize our Armed Forces in accordance with the demands of a just and democratic society. We will not hesitate to suggest to the Armed Forces General Command changes of chiefs and officers who do not abide by the institution's rules and regulations. We are going to continue to abide by the principles that govern our Armed Forces: austerity, honesty, and efficient work.

In conclusion, I wish to state that all the members of the Armed Forces are contributing to the construction of an El Salvador in peace so that the Salvadoran people will be able to remain in their country forever because they have an Armed Forces that is strong, united, and aware of the historic role it must play in the transformation of the Salvadoran state.

Rebel Radio Comments on Change

PA0309004290 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 30 Aug 90

[Station commentary: "All That Glitters Is Not Gold"]

[Text] Once again Cristiani has shown the Salvadoran people his true colors, despite his golden rule. Cristiani has shown his and his party's true colors. We now have a new defense minister, Colonel Rene Emilio Ponce, coordinator of the La Tandona [reference to the 1966 graduating class of Captain General Gerardo Barrios Military Academy] godfathers. Despite the fact that Ponce's bad reputation has followed him—due to his involvement in the Jesuit murder case—Cristiani designated him as the oligarchy's guardian angel.

The government and the Armed Forces are greatly concerned over world events. The Middle East crisis could affect the country and exacerbate the economic crisis. The situation within the Armed Forces is so critical that their differences could end up dividing them. Many officers do not like La Tandona because of the crimes it has perpetrated and the privileges it enjoys. The Armed Forces' troops are increasingly demoralized by the people's open criticism of them and by the casualties inflicted on them by the guerrillas during combat. Everyone is questioning the Armed Forces—even U.S. congressmen—because of the soldiers' involvement in the most frightening massacres.

Various social forces are intensifying their struggle because their survival is at stake, while neither the Salvadoran Government nor the businessmen are willing to acknowledge that they are in a difficult situation. Opposition political forces are stepping up their efforts to attain the peace that has eluded them. The FMLN [Farabundo Marti National Liberation Front] is intensifying its efforts to pressure the government into making real changes. Worse yet, the people do not like Arena [Nationalist Republican Alliance], and Arena is fearful of a partial loss of power in the upcoming elections.

Faced with this critical situation in his golden rule, Cristiani created the conditions that would allow him to leave military power in the hands of his henchmen, the La Tandona officers. During the last round of negotiations in Costa Rica, Cristiani presented a proposal aimed at making changes that change nothing. This proposal was intended for the FMLN to reject, thereby enabling the Army to argue that ranks had to be closed and decisions had to be made without consultation. The decision included removing General Larios and replacing him with Ponce—Cristiani's accomplice—who will guarantee Cristiani's big club.

With Ponce at the helm, Cristiani believes that he can keep the Armed Forces together and facilitate his counterinsurgency plan, deepening psychological warfare both in the city and in the countryside, using a big club against the people's fair struggle, strengthening the death squads to create terror whenever needed, and continuing to dominate civilian society and the government.

With Ponce, Arena believes it can squash the unhappiness caused by its unpopular economic policies. Arena intends to scare the people to prevent the opposition from carrying out a political campaign. One of Arena's intentions is to unleash the beast to make all who oppose Arena's plans disappear. Cristiani believes that by doing this he is going to ensure his project's continuity, even though he may have to continue bleeding his people. Who cares if anyone sees Cristiani's true colors, if the government has already complied with IMF policies—an organization of imperialist economic domination—and receives IMF endorsement with new loans? Who cares if anyone sees Cristiani's true colors, if the North Americans are going to tolerate the Armed Forces as long as the government continues its publicity campaign of lies?

The war against the people is going to worsen, and there will be bloodshed and tears. The nation will suffer the inhumanity of hunger and repression, and the North Americans will continue sticking their noses where they do not belong, staining their hands even more with the blood of the oppressed, and directing our fatherland's future.

The Salvadoran people are not going to remain idle waiting for their sad end. The Salvadoran people will struggle tirelessly, showing the true colors of this death-squad government with the largest protest and rebellion. The people will back the FMLN and the workers' fair struggle. They will struggle for a government of all and for all, and for justice for our country's exploited. The FMLN will continue to fertilize the fatherland's field of the future with its blood, bringing to an end the militarist plague that prevents our cherished Salvadoran countryside from blooming.

Church Asks Col. Ponce To Support Dialogue

PA0309192690 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 3 Sep 90

[Text] The Salvadoran Catholic Church has asked Colonel Rene Emilio Ponce, the new defense minister, to support the dialogue of the government and the guerrillas and the continuation of the investigation into the killings of six Jesuits last November.

Msgr. Arturo Rivera y Damas, archbishop of San Salvador, said yesterday during his homily, that Colonel Ponce must show an interest in the dialogue and in resolving the Jesuit case. The killing of the six Jesuits will be a test for Ponce regarding whether he really has a cooperative spirit or not, the Catholic leader said.

President Alfredo Cristiani appointed Colonel Rene Emilio Ponce as chief of the joint general staff of the Armed Forces on 1 September, replacing General Rafael Larios, who retired because of time in service and for personal reasons.

Rivera said that the changes in the Salvadoran military leadership must prompt the Salvadoran Army to change its attitude, at the least, and to do more than just change positions. He said that there has been very little communications between the 1976 graduating class of officers known as La Tandona, to which Ponce belongs, and the church. He voiced the hope that the situation will become one of understanding. Rivera y Damas said that the appointment of a civilian as defense minister would have been an important step for the Armed Forces because it would have demonstrated the Army's flexibility in its positions.

Larios Appointed President of Military University

PA3108184190 San Salvador LA PRENSA GRAFICA in Spanish 29 Aug 90 p 33

[Text] General Rafael Humberto Larios, who will conclude his tenure as defense minister on 31 August, has been appointed president of the Military University's board of directors.

It has been said in official circles that his new appointment is in recognition of his good work throughout his 30 years in the military service, where he served as commander and, ultimately, as defense minister.

Colonel Ricardo Alfonso Casanova Sandoval, who is currently the director of the Capitan General Gerardo Barrios Military Academy, has been appointed rector of the Military University. The other board of directors

posts have gone to civilian and military professionals whose names will be announced in the next few days.

Commanders, officers, and soldiers, as well as administrative personnel wanting to study an academic career and to secure a university degree will be able to study at this university, which will be opening in the near future.

This is how people are encouraged to improve their situations and who until now have been unable to move up to better positions in military organizations because of a lack of opportunities.

FMLN Alerts Fighters for 'Civic Campaign'

PA0409033090 San Salvador Canal Doce Television in Spanish 0304 GMT 4 Sep 90

[Text] The Farabundo Marti National Liberation Front [FMLN] on 3 September called on all of its forces to wage a campaign of struggle [jornada de lucha] in the month of September.

A communique made public through Radio Venceremos said the following: We call on all of our fighters on all war fronts to increase their efforts in order to wage this civic campaign [jornada civica] in favor of the agreements during the negotiations process.

The campaign, the rebels said, will be promoted throughout the month of September on the occasion of the 169th anniversary of the declaration of Central American independence.

In the document, the FMLN did not disclose specifically what type of actions it will carry out, but it reiterated the call to its forces to remain alert and participate in actions that will be carried out in rural areas and in the cities.

Cristiani Says FMLN Stand Precludes Accord

PA0409022090 Panama City ACAN in Spanish 1800 GMT 3 Sep 90

[Text] San Salvador, 3 Sep (ACAN - EFE)—Salvadoran President Cristiani announced today that "it will be very difficult" to reach peace agreements with the guerrillas if they do not withdraw their demand for the dissolution of the Armed Forces and the creation of a civilian police force.

Cristiani stated emphatically that his government will not discuss the Armed Forces' existence with the Farabundo Marti National Liberation Front (FMLN).

However, he said his government "is ready to discuss the qualitative and quantitative structure of the Armed Forces and of all the institutions that need to be strengthened to consolidate democracy."

The proposal to abolish the Army and to punish officers allegedly implicated in human rights violations was presented by the guerrillas at the last round of negotiations held in August in Costa Rica. The government firmly rejected it, describing it as an attempt to obstruct the dialogue.

After opening a seminar on strategies to eradicate poverty in Central America, Cristiani stated today that his government will continue to work on preparations for a new round of talks, which are scheduled to be held from 13 to 17 September in Costa Rica.

"We hope the FMLN will have a more constructive and more flexible attitude that will permit us to advance in reaching an agreement on a cease-fire to the armed conflict," Cristiani told reporters. He added, however, that if the guerrillas "do not change their opinion, it will be very difficult" to secure such agreements.

The president said his government has tried to conciliate the two proposals on the Armed Forces presented at the dialogue, but that "the FMLN has always been reluctant to do so."

Attempts at rapprochement have always been made through UN representative Alvaro de Soto, who is serving as mediator in the negotiations.

Since April, the guerrillas have been negotiating the end of the 10-year war, which has left approximately 70,000 dead. However, four rounds of talks have not led to any progress on the basic topic of dialogue: the future of the Armed Forces.

Both parties met in Venezuela in May and agreed to establish a time frame for the negotiations. The parties established 15 September as a possible date to sign the cease-fire, subject to the progress reached in agreements on the Armed Forces, human rights, the socioeconomic pact, and reforms to the judiciary and electoral systems and to the political constitution.

Following the meeting in Costa Rica, those present at the negotiations said they believe it will be very difficult to reach agreements in all those areas at the next round of talks. Therefore, it will be virtually impossible to secure the signing of a cease-fire by 15 September.

FMLN Says It Will Continue Fighting

PA3108134190 (Clandestine) Radio Venceremos in Spanish to El Salvador 0040 GMT 31 Aug 90

[Text] For the first time, a Soviet official has arrived in our country. Not only did he arrive, but he also spoke of establishing economic and diplomatic relations with El Salvador. In addition, the Soviet official allowed himself to be photographed with such recalcitrant personages as Gloria Salguero Gross, [Ricardo Alvarenga] Valdivieso, [Roberto] Angulo [leaders of National Republican Alliance, Arena], and Rey Prendes [leader of Authentic Christian Movement].

This visit is a clear indication that the cold war has ended. The cold war has ended, but not the war in El

Salvador. The FMLN [Farabundo Marti National Liberation Front] will not stop fighting simply because the Soviet Union has made peace with the Salvadoran Government. As long as the causes of the war continue to exist in El Salvador, the FMLN will go on fighting. The fact that the Berlin Wall has toppled or that the Sandinists have lost the elections in Nicaragua has not broken the fighting spirit of the FMLN combatants, because the FMLN is an internal and independent force that struggles against injustice and repression.

There will be fighting in El Salvador as long as the Arena dictatorship continues to exist and as long as there is an army that murders civilians, priests, and foreigners.

Attackers Hurl Grenade at Opposition's Guard

PA0209041690 San Salvador Canal Doce Television in Spanish 0311 GMT 2 Sept 90

[Text] Last night, unidentified men hurled a grenade at the national policemen guarding the home of MNR [National Revolutinary Movement] leader Guillermo Ungo.

This morning, the MNR issued a communique denouncing the attack. According to the communique, the unidentified men carried out the attack about 2000. There were no casualties. The MNR said that the attackers hurled the grenade from a moving vehicle. They also machine-gunned the house in the Flor Blanca neighborhood where Ungo's police guards live.

Military sources also confirmed the attack, reporting that the attack was carried out by three men driving a black vehicle.

Leftists Condition Participation in Elections

PA0209190490 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 29 Aug 90

[Text] San Salvador—A Salvadoran left-wing alliance called the Democratic Convergence [CD] has conditioned its participation in the March 1991 Legislative and Municipal elections to the presence in El Salvador of UN observers who should verify the honesty of the elections.

Guillermo Ungo, secretary general of the National Revolutionary Movement [MNR], one of the three parties that comprise the alliance, has said that the CD will send UN Secretary General Javier Perez de Cuellar a note requesting that the verification role of UN observers in those elections be guaranteed.

The United Nations is participating as mediator in the peace negotiations between the government of President Alfredo Cristiani and the Farabundo Marti National Liberation Front [FMLN]. These negotiations began in April.

Ungo, also one of the vice presidents of the Socialist International, has said that the nine political parties that exist in El Salvador agree with the United Nations playing a verification role. He would not say, however, if all the parties have conditioned their participation in the elections to verification by UN observers.

The Social Democratic leader said that the CD, which consists of the MNR, the Popular Social Christian Movement, and the Social Democratic Party, wants to participate in the elections. He noted, however, that electoral facilities must be improved because in the most recent election, in March 1989, when Alfredo Cristiani was elected president, less than 1 million people were able to vote in a country with a population of 6 million.

He said: We have agreed that all Salvadorans who have registered with the electoral registry must vote. According to political sources, up to 2 million citizens could be registered to vote.

Ungo also said that the repression against opposition political leaders must cease as part of the negotiating process between the government and the guerrillas so that all registered citizens may exercise their right to vote.

We sense among local and mid-level authorities a hostile attitude toward our leaders, the MNR secretary general noted.

The most important opposition political party in El Salvador, the Christian Democratic Party [PDC], has also accused the Salvadoran Government of obstructing the forthcoming elections by issuing death threats against some PDC leaders. Eduardo Colindres, a PDC leader, has said that the government wants to check freedom of expression because its fall is imminent. Colindres made this statement in denouncing threats that militants of the governing Nationalist Republican Alliance have allegedly issued against leaders of his party.

The problem is, he said, that in El Salvador we have a 600,000-vote government.

El Salvador plans to hold elections in March of next year to elect more than 200 mayors, as well as 60 Legislative Assembly deputies.

FMLN Commander's Statement on Negotiations

PA0209232390 San Salvador Radio Cadena Sonora in Spanish 1730 GMT 30 Aug 90

[Statement by Farabundo Marti National Liberation Front Commander Leonel Gonzalez; place and date not given—recorded]

[Text] It is evident that the proposals we have made regarding the Armed Forces are firm and logical. We are demanding the dismantling of the Army's visible and hidden repressive apparatus to continue negotiating the country's demilitarization. Regarding the dismantling of the two armies, we propose that the two sides sign a

commitment. This is logical. The government of Cristiani has said that the Army is not negotiable. In Caracas, however, the government agreed that the first point on the agenda would be to negotiate on the Armed Forces. Here is a contradiction. Therefore, to guarantee that action will be taken on this point, it is necessary to sign a commitment, even if this point has to be discussed throughout the negotiations process.

There are 17 points to which the government must respond. We have discussed our proposal to put an end to impunity and to implement a purge. A cease-fire, to be a true cease-fire and to facilitate the transition to democracy, must be carried out on the basis of the dismantling of the repressive structures: the security corps, intelligence apparatus, and death squadrons. Impunity must end, and the assassins, the corrupted, and the violators of human rights must be purged from the Army. If this does not happen, cease-fires would serve only to make a mockery of the expectations of the people.

Following four meetings, we do not see any willingness for negotiation on the part of the Cristiani Government. The government's proposal for restructuring the Army is just a way of not negotiating. It is a formula for making the repressive apparatus more sophisticated, and to continue killing, torturing, and jailing people to maintain the Army's impunity so that it may remain as the power behind the throne. This is a mockery of the will of a nation, which demands punishment for the criminals and the end of the dictatorship and militarism.

To summarize, the government of Cristiani and the High Command have the next word. They are obligated to give an answer to the people. They have to make a move, be flexible, really negotiate at the negotiations table, and give clear, not comical, answers regarding the point on impunity and a purge. The nation is waiting. They have the floor now.

The position on the restructuring and reduction of the Armed Forces is not enough. The entire nation is aware of the lack of moral authority of the current Armed Forces High Command. The High Command planned and carried out the execution of the Jesuit priests. A purge using Armed Forces procedures and mechanisms would lead only to hollow changes: The repressive and violent essence of the Armed Forces would remain intact.

This is why we believe that, following the fourth meeting, the positions established at the negotiations table are clearly defined. Our position is to pay attention to the situation created by many years of our people's sacrifice and blood. We are convinced and firmly maintain the position that the demands for democratization and demilitarization are historic goals that represent the will of the majority and will serve the interests of the majority.

We are prepared to listen to the demands of all the social and political forces in the country, and to defend them as our own. This position gives us strength and the security that the contest will lead to a just and lasting peace.

Nicaragua

Chamorro Speech Concludes Army Day Ceremony

PA0109194490 Managua Domestic Service in Spanish 1724 GMT 1 Sep 90

[Speech by President Violeta Barrios de Chamorro concluding ceremonies commemorating the 11th founding anniversary of the Sandinist People's Army at the Olof Palme Convention Center in Managua—live]

[Text] Members and officers of the Nicaraguan Army; members of government; Msgr. Montenegro; members of the state branches; Mr. Victor Manuel Herrera, the deputy minister of Public Security of Costa Rica; diplomatic corps members; friends: Nicaragua is writing a new page in history. Our history must be a source of pride for Nicaraguans today and tomorrow. You the Nicaraguan officers and troops have known how to remain firm as guardians of peace and democracy, defending a new concept of what is and should be the republican soldier. The Army's reason for being has always been to maintain order and defend sovereignty. Nicaragua has attained grandeur by restoring the task of defending sovereignty to the Army of democracy. The National Army, in that new and beautiful sense, has as its mission to defend the nation's sovereignty and to defend democracy.

Our Army must strive to put an end to obsolete ideas that have greatly harmed our small but glorious Nicaragua in the past: To put an end to the idea that the Armed Forces can be at the service of the ambition of one man or one group or the interests of one party; to put an end to all the military caudillismo that has been the shame of America; and to put an end to the idea that the Army incubates military nepotism or a brute and arbitrary force that carries out military revolts or military coups.

I have seen the faces of the officers accompanying us today, and they are all young. They are the faces of the history of tomorrow. This young and patriotic Army must realize that it is the army of the people and, consequently, the army of democracy and the army of peace. Nicaragua has changed because that was the people's decision. The good soldier must be duty-bound and patriotically realize that it must not only ensure respect for the paths of change, but must do so himself. Not only Nicaragua, but virtually the entire world has chosen democracy as its system, with respect for law, rights, and liberty. The young soldiers are, above all, Nicaraguans. They must not think of using their weapons for their own benefit or for a party, or to carry out arrogant deeds, but to serve those ideals that will make the country and the fatherland great—to respect the law, defend human rights, and defend liberty and sovereignty. It does not suffice it to speak of a free

fatherland. We must strive to have every last Nicaraguan feel free and feel that his liberty is defended by the Armed Forces.

In the same sense, we must think of a small army that will not be an overwhelming burden for our sacrificing people. We must think of a small army, as Sandino did. A courageous people like the Nicaraguans do not need big armies. There were very few of us who were victorious in San Jacinto, but our courage was tremendous. We must think the same not only in terms of size, but in the training of a less than immense Army, in which our youths would be wasted. We need a small, well-trained Army, trained not only militarily, but scientifically and technically. We must train our Army to carry out urgent tasks of a civilian nature—engineering, construction projects, building bridges—to carry out medical assistance, and so many tasks required by Nicaragua to quickly raise the socioeconomic standards of our people.

The Army must be a civilized organization, a force, a creative energy to reach citizens, to defend citizens, and to contribute toward building the fatherland. I salute that Army comprised of youths filled with patriotism, who must be a guarantee for our Republic. The most beautiful thing about an army is that its weapons are only a symbol of authority and order. Let peace never again be lost nor the blood of our brothers ever again stain our glorious fatherland.

Humberto Ortega Reads Army Pronouncement

PA0209014490 Managua Domestic Service in Spanish 1658 GMT 1 Sep 90

["Pronouncement" by the Sandinist People's Army read by General Humberto Ortega, EPS chief of staff, during a ceremony marking the 11th anniversary of the EPS at the Olof Palme Convention Hall in Managua—live; broadcast in progress]

[Text]...plan for the reduction and reorganization of the Army within the framework of the new peace situation and the reasonable balance of forces in the Central American area so that the total number of Army members at the end of the reorganization stage will depend, in part, on the future situation in the Central American region, as the president stated on 15 June 1990.

2. The Army will continue to work with the Presidency on the plan to reduce the number of officers, based on guarantees that will provide jobs and a minimum income to officers who enter civilian life. The inter-institutional programs currently being studied take very much into account the officers' expectations of access to land and credit, economic assistance, housing, employment, retirement, job training, [words indistinct].

3. The Army will continue to work with the central government on solutions that will permit facing the difficult living conditions that members of our institution have suffered for several years. Our officers, noncommissioned officers, and soldiers have won a dignified place in our society, and they justly demand the right attention and treatment within the country's difficult economic framework, to guarantee the strategic role they play as a vital instrument in the entire nation's order and security.

4. The Army, in conjunction with the central government, will continue to back the work of the national Commission of Support to the Combatants to ensure the availability of necessary funds to carry out programs for the members who have died or were crippled while defending the fatherland.

5. The Army will continue to strengthen the national, patriotic, professional, and nonpartisan role of the armed institution.

6. The Army will continue to educate its members in the defense of the basic principles of our Constitution, such as independence, sovereignty, and self-determination; in the rejection of foreign intervention in the country's domestic affairs; and in the defense of the democratic process and rule. The Army will continue to respect the people's human rights, interests, religious beliefs, and other rights. The Army will also contribute to the strengthening of the mixed economy system, political pluralism, and nonalignment. It will educate its members in the untiring struggle for domestic and world peace. Its members will learn of Morazan's Central American spirit and Bolivar's Latin American sentiment regarding the establishment of a fair international order, without any form of discrimination, exploitation, or oppression against others. We will educate the members of the Armed Forces to ensure that corrupt soldiers and assassins, like the Somozist Guards of the past, will never emerge from within the institution. The Army will continue to educate its members to contribute to mankind's struggle against drugs, to improve the environment, and to contribute to the country's economic, social, and strategic plans for a civil defense that will permit the country to face national tasks, such as natural disasters like Hurricane Joan. The members of the Armed Forces will be taught to strengthen the patriotic and revolutionary feeling that our vigorous Nicaraguan historic process has left us ever since the priceless treasure that was handed down by the brave warrior Diriangen.

7. The Army will continue to support the Nicaraguan Government's proposal for Central American security presented in Costa Rica on 31 July. The Army views as positive the proposal to the Central American governments to immediately freeze the current level of armaments and forces and to suspend international military maneuvers in the Central American region until definite agreements are reached. The Army views as very positive Nicaragua's proposal for the elaboration of friendship and nonaggression treaties among the Central American republics as a whole or on a bilateral basis. In this regard,

it is important to reactivate the joint Nicaragua-Costa Rica commission, which has yielded positive results, and to promote the creation of a similar commission with Honduras.

The Sandinist People's Army, in line with its peaceful vocation, will continue to support the efforts made by the UN Observer Group in Central America to prevent arms trafficking and the use of Nicaraguan territory by rebel groups.

The Army is currently working with the Foreign Ministry to prepare for the meeting of the Central American Security Commission, to be held in El Salvador on 10 and 11 September to decide on inventory systems, control and verification mechanisms, and the counsel that will be provided by the United Nations and the OAS. All this will be done while observing a reasonable, proportionate, and general parity in arms, equipment, and troops.

8. The Army, in strict compliance with the Constitution and with the support of the country's laws and people, will continue to cooperate closely with the Government Ministry. It will seize all firearms illegally in the hands of civilians, and it will not allow the creation of illegal and subversive armed groups such as those that extremist and minority forces—the national salvation brigades and committees—would like to create, thus acting against constitutional order and the country's peace.

Joint efforts must be made to prevent activities such as banditry, cattle rustling, contraband, and other social evils from making headway. Acute economic crises nurture these evils, especially in the countryside and in areas where the wounds of war are still open.

The Army believes this is a good time to state its position on some aspects of the national life to contribute to the efforts the country's civilian leaders are making to overcome the most serious problems burdening our fatherland Nicaragua.

National Stability

Neither the extreme left nor the extreme right—this is our watchword. Augusto Cesar Sandino.

The revolutionary process, which made possible the country's Constitution, state laws, and institutions that have put Nicaragua on a democratic path, as well as the transfer of power, needs the stability of the current constitutional political system.

National stability requires a real feeling of peace and security among all the citizens of our country. We must seek common and private well-being. We must make progress and develop with social justice for all, with the participation of all the economic, political, social, religious, and military sectors, along with the participation of the state and the entire nation. We must be able to set aside the egotistical interests of individuals and sectors and patriotically and reasonably reach agreements for the sake of the interests of the nation, which is the force that must unite all the Nicaraguan people and strengthen the revolutionary process. The revolutionary process demands the buttressing of the democratic regime so that it may be able to find solutions to the critical social and economic situation the country is enduring. We must always bear in mind that our utmost concern must be for the poor, as the episcopal conference pointed out in its recent pastoral letter, and as evangelical leaders and other religious authorities in the country have also stated.

This is the only way it will be possible to produce a general feeling of security and well-being and forever leave behind arrogant attitudes and impositions that block understanding and tolerance. It is necessary that the leading forces in Nicaraguan society grant each other more recognition, that these forces jointly propose solutions consistent with the national interests, and that they firmly make the commitment not to permit a return of the Somozist model. Every effort must be made in the framework of a national understanding that should take into account the achievements and transformations that have benefited the people, as the 27 March Transition Agreement establishes. The efforts must be made while adhering to the political and social commitment on relations among Nicaraguans, as the Constitution demands. We must obey and firmly defend the Constitution and the law and guarantee peace and progress, without which there cannot exist the national stability that is wanted so very much.

Peace and Reconciliation

To possess the real and steady climate of calm and security that national stability requires, it is necessary to first consolidate peace. This is a sacred obligation that all citizens have. The leaders of the country, regardless of ideology or political tendency, are most responsible for securing this climate. Regardless of how tense and deteriorated the economic, political, and social situation may be, violence or a renewal of the war must not be promoted. The demobilized counterrevolutionaries who have rejoined society within the framework of the Constitution must not allow themselves to be controlled by extremists who are threatening to reinitiate the tragic war with the excuse that the special programs the government promised them are not being implemented.

The Army believes that the central government must give priority attention to the demobilized refugees and people who are handicapped in any way.

We must give careful attention to the sensitive land conflict issue, and we must reject the use of violence to find solutions. We must especially reject armed confrontations.

On behalf of the law, we reiterate that no person or organization not authorized by the Government Ministry may be in possession of arms with the excuse that they are to be used to face the land conflict or any other conflict of a political or social nature.

The war is over. We must consolidate peace. To do this, it is necessary to promote national reconciliation with more force and firmness.

There should be more communication between opposing Nicaraguan forces. There should be dialogue and a search for points of agreement. We must see each other as forces that exist and that must not be polarized, thus dividing the Nicaraguan family and producing hatred and feelings of revenge.

Those in the government and those who are governed, the entire nation, must make every effort, must participate in dialogue, and must be patient even when we run out of patience, to find just and civilized solutions to the complex problems we face. We must reunite like a big family to put an end as soon as possible to the present climate of polarization and distrust that leads only to chaos and destruction.

All the country's political forces must support the concerted economic effort between the workers, management, and government. The flexible positions in this complex and urgent process of the national concerted effort must be placed over and above structuralist, technical, rigid, and schematic positions. The economic problems worsened by the critical situation in Latin America and the other countries of the so-called Third World because of the unjust international economic order become even more serious for small countries like those in Central America with the crisis that has arisen in the past few days in the Persian Gulf.

The concerted socioeconomic effort among Nicaraguans becomes all the more urgent if we bear in mind that foreign aid resources to our Central American countries are becoming increasingly limited. This is partly due to the superpowers shifting their points of interest to other areas, which are more attractive to their investments and security interests.

We must rely on our own strength, integrated as one clenched fist, to face the difficult battle for the sustained restructuring and recovery of the national economy. We must not allow the necessary economic and financial structural adjustments to affect the social balance, worsening the plight of the poor and favoring a few powerful ones over the less powerful.

The loads must be distributed among all sectors so that the sacrifice will be shared. We must also share the wealth that Nicaragua will produce in the next few years by its own sweat, in the system that harmoniously combines different types of ownership.

If we do not achieve the concerted effort, it will be a great blow to the people of Nicaragua, perhaps the greatest setback in Nicaraguan history.

The concerted effort will contribute to completely consolidating peace and reconciliation, which are the basic elements of the stability that we need. It will allow us to fight the hyperinflation that mostly hurts the poorer sectors. Inflation curbs and hinders production and creates uncertainty and instability.

We must achieve this concerted effort so that we can soon have stable jobs, prices, and salaries. In this way we can open up the possibilities for economic growth, creation of wealth, and the just distribution of resources for the sake of the spiritual and human development of Nicaraguans.

The commanders, officers, noncommissioned officers, and enlisted men of the Sandinist People's Army conclude this pronouncement, fully convinced of Sandino's words that say: To prove to the civilized world that Nicaraguans are able to settle among ourselves our domestic affairs as a free and sovereign nation.

Free Fatherland! [Crowd responds: "Or Death!"] [applause]

U.S. Pressure To Break Ties With Cuba Denied

PA0209233090 Managua BARRICADA in Spanish 31 Aug 90 p 5

[Text] Yesterday, Foreign Minister Enrique Dreyfus denied rumors that had circulated about the United States' pressuring the Nicaraguan Government into breaking diplomatic relations with Cuba.

After presenting 11 cribs to mothers who work at the Foreign Ministry, Dreyfus told BARRICADA: "We would never allow any nation, government, diplomatic mission, or individual to pressure this government, especially concerning its diplomatic relations."

He said he has still not appointed an ambassador to Cuba, but added: "There is no reason not to do so. We are in the process of organizing. We do not have a name yet" for a person to fill that office. He added: "We have very good relations with the Cuban ambassador."

Regarding the extrajudicial negotiations with the United States in the case of the suit filed with the International Court of Justice in The Hague, Dreyfus said: "Those are issues that must be handled carefully. We are thinking of what arrangement would be best for Nicaragua." He added that the U.S. Government has not yet presented any negotiation proposals on the matter.

Regarding the denouncement made by former diplomat William Tapia's mother, Dreyfus denied having lied to the National Assembly about the case. "That is totally false," he said. Tapia was arrested on drug trafficking charges in Japan.

War Disabled Take Over State TV Station

PA0409025490 Paris AFP in Spanish 0158 GMT 4 Sep 90

[Text] Managua, 3 Sep (AFP)—A group of war disabled veterans, war veterans receiving pensions, and mothers of persons killed during the war with the Nicaraguan contras occupied the Nicaraguan state television station

on 3 September. The station has suspended broadcasts for an indefinite period of time.

The installations and control station of the Sistema Nacional de Television, which operates two channels, were seized at approximately 1700 (2300 GMT) on 3 September, and the signal was suspended by order of the authorities 30 minutes later.

Following the occupation of the studio, the war disabled put a sign on the screen listing their demands. They explained this was a peaceful action and that they only wanted to call the attention of President Violeta de Chamorro and the public to the critical situation they are enduring.

Minutes later, riot police patrols arrived on the site in a Managua downtown area, but they did not take any action. An officer explained they were waiting for orders from their superiors.

Residents of the surrounding area showed up in front of the building carrying food and blankets, which were passed through the gates to the individuals occupying the station.

As of 1900 (0100 GMT 4 September), the station was still off the air. Government sources are not commenting on the events.

With the support of the mothers of war victims and a group of veterans on pensions, members of the Organization of Disabled Revolutionaries [Organizacion de Revolucionaries Discapacitados—ORD], which includes some 5,000 disabled persons, said that the takeover of the television station is a "peaceful" action to request a dialogue with President Chamorro "or some official with sufficient power."

They charged that the government has allotted them a monthly pension equivalent to $25, whereas the demobilized fighters of the Nicaraguan Resistance (RN-contras) receive the equivalent of $50.

"We feel it is just that the former contras receive that amount, but we believe it is unjust that we, who also participated in the war, receive only one-half that amount, and that we are not being given land as they are being given," said Francisco Lopez, an ORD spokesman.

Lacayo Addresses Forum on State, Democracy

PA0309040990 Managua Domestic Service in Spanish 2021 GMT 31 Aug 90

[Address by Presidency Minister Antonio Lacayo at a forum held at the University of Nicaragua in Managua—live]

[Excerpts] [Passage omitted] When Dr. Serrano explained the topics for discussion, I thought it would be better if I put some thoughts down on paper and properly prepare myself. Regrettably there was no time, so I have chosen to speak from my heart.

Nicaragua is going through a very important time. We all know this, and we all feel this, and it is preferable to speak sincerely. All I did was jot down some of the most important ideas. I felt, however, that to speak of a concerted effort, democracy, modernization of the state and the economy, and the year 2000 was to talk of the same thing. I believe we all know that without a concerted effort there can be no democracy, without democracy there can be no political or economic modernization, and without modernization there can be no year 2000 for Nicaragua. Of course, one day we will arrive at the year 2000 on the calendar, but unless we begin a concerted effort among us all, unless we expand democracy, and unless we begin to modernize our society, we will reach that year and will be living who knows how many centuries behind.

I feel that these four topics are like strong links on the same chain. That first topic, the concerted effort, is so important. Much has been said about concerted effort, and the truth is that much has been done in this respect. In a certain way, although there was not much dialogue, Nicaraguans made a concerted effort several years ago to end a dictatorship. It was a decision shared by a great number of people. It was a sovereign decision by Nicaraguans, and it was fulfilled. In a certain way, this concerted effort marked the beginning of our modern history.

I also feel that signing the Esquipulas Agreements made the country move in that direction. We made a concerted effort to hold elections in Nicaragua. We agreed to accept the decisions made by Nicaraguans at the ballot box, using rules that were clearly outlined at the time. Elections were held. The fact that the election results were accepted is proof that we are already in agreement. I feel that with its elections Nicaragua gave a clear signal that when we decide on something we surprise the world. No one believed that elections could end the country's war. No one abroad believed that Nicaraguans could resolve their own problems. We surprised the world not only by the elections themselves, but by their outcome.

However, now we face even greater problems. The situation of our economy is all too clear. The World Bank missions that visited us two or three weeks ago evaluated our economic situation. When I received their very bleak report, I asked them in what other country they had found such a difficult economic situation—our huge foreign debt, ruined infrastructure, hyperinflation, the people's prospects, and the standard of living. They replied very frankly that ours was a very unique situation and that they had not found it in any other country. [passage omitted]

To believe solutions will come from abroad, or that someone is going to resolve our problems, or that some outside magic force is going to resolve them would be tantamount to killing all possibilities of success. I believe this is a good opportunity to demonstrate our nationalism and self-determination as a country and as a people. Obviously, the mechanism for something such as

this is a frank, sincere, and constructive dialogue through which the various sectors may state their problems and their goals. All sectors must work together for a solution. Violeta Chamorro offered a solution at the beginning of her election campaign. The solution is a national commitment between the government and the people aimed at reconciling Nicaraguans by building democracy and peace through economic recovery, and then to create the new society that we need.

To my way of thinking, the concerted effort should guide us to this great national commitment. Take careful note that this is not just aimed at the government. The sectors must not think that their role in society is only to govern. Each must play its role. A recent BARRICADA article said that economic policy is exclusively the government's domain, the handling of businesses is primarily the responsibility of businessmen, and the safeguarding of the workers' inalienable rights is the exclusive field of the labor sectors. The article said that this is not just a question of negotiating. Along the way, each sector should negotiate whatever steps need to be taken, and the government must assume its responsibilities in these matters. We will never blame other sectors for what goes wrong. We do believe, however, that it is the overall responsibility of all Nicaraguans to ensure that the country moves ahead. I feel that a concerted effort is a focal point, a national project, and a nationalistic project. It is now our turn to work on this project in depth. [passage omitted]

We must, however, begin with something specific and urgent, something felt by all Nicaraguans; that is, resolving the problem of hyperinflation. Nothing else can be discussed in the economic field without first resolving hyperinflation. Development and growth is not possible if we do not first resolve this problem. The government feels that this is our first priority, and we must face it in September. Then we can discuss all the other economic, political, social, and cultural topics that may come up.

Remember that we have six years ahead of us to make a concerted effort. Why? Because democracy—today's second topic—is nothing more than a permanent concerted effort. It is hard to find a democratic society whose citizens are not convinced that dialogue, constitutional mechanisms, and a convergence of ideas serve to resolve problems. It is hard to find a democratic society that believes war is the solution. It is hard to find a democratic society that does not have a permanent will for a concerted effort. That is why this government, which won the election by the people's vote and was formed within the framework of our Constitution, must facilitate a permanent concerted effort among Nicaraguans, so that over these next six years each and every one of the problems is resolved. This permanent will for a concerted effort—democracy—requires its own foundation. It is manifested through respect for the Constitution, order, and the law, through the independence of government branches, and through the strengthening of local government, so that we can leave decisions in the people's hands, so that the government's role gradually diminishes and this power is transferred to the citizens. The possibility of this permament and democratic concerted effort basically depends on our awareness that Nicaragua belongs to all her children and that there should be no sector that does not have a voice or contribution in it. In other words, I am talking of reconciliation, of nonpolarization, and above all of our nationality. [passage omitted]

Mayoral Decree on Land Privileges Annulled

PA0209230190 Managua Domestic Service in Spanish 1300 GMT 30 Aug 90

[Text] A decree issued on 7 March 1990 that authorized muncipal mayors to grant state property to citizens has been annulled.

A few days before handing over the office of the mayor of Managua, Carlos Carrion Cruz issued a decree authorizing municipal mayors to grant state property. Carrion Cruz, who had power to do whatever he wanted to do with state property throughout the country, issued this decree so that other mayors could also give away property. However, there have been too many abuses against private property, so the office of the mayor of Managua, which has all the authority granted by the president of the country, as administrator of all state property, has decided to annul the decree issued by Carrion Cruz on 7 March.

Mauricio Tefel Gonzalez, legal adviser of the Nicaraguan Housing Bank, reports on Agreement No. 5 of the Office of the Mayor of Managua.

[Begin Tefel recording] The mayor of Managua is the administrator of the Nicaraguan Housing Bank. There was a ministers' decree that had been issued, strangely enough, on 7 March 1990. I say strangely because Carlos Carrion Cruz had transferred to municipalities and mayors and other officials the authority to administer real estate. In addition to this, he authorized them to issue real estate property titles.

We were concerned because we had noticed that property was being transferred to people through back-dated documents, as well as through currently dated documents. Therefore, the mayor of Managua, as representative of the bank, decided to issue Agreement No. 5 voiding the ministers' decree issued by Carlos Carrion, who on 7 March was the president's delegate for Region Three.

This has been an effort to protect the interests of the Nicaraguan Housing Bank, which represents the interests of the nation's assets. You probably know that all, or most, of the real estate that was confiscated based on [20-second break in reception]. [end recording]

Panama

Molirena's Fernandez Elected Assembly President

PA0109161990 Panama City Circuito RPC Radio in Spanish 1600 GMT 1 Sep 90

[Report by news director Omaira de Leon]

[Text] Good morning, listeners. We report that at this time the new Legislative Assembly president is being sworn in. Today's session began at 1020 with the roll call. A total of 53 legislators were present. Immediately there was a reading of the correspondence and then the candidates for president of the Assembly were proposed. According to the vote tally, Alonso Fernandez of the Molirena [Nationalist Liberal Republican Movement] was elected to the post. He received 31 votes, while Raul Ossa de la Cruz of the Christian Democratic Party received 26 votes. During the election there was one abstention. We would like to note that PRD [Democratic Revolutionary Party] legislators, such as legislator Mario Rognoni, also voted.

We repeat, Alonso Fernandez has been elected president of the second session of the Legislative Assembly. He is at this moment being sworn in. Subsequently, a committee will be appointed to inform the president of the Republic that the Assembly is formally installed. It is expected that the president will then arrive to deliver his speech to announce the nation's new economic plan, as well as other important information for the whole country. We invite you to stay tuned to listen to this important report by the president, as well as the speech by the outgoing Legislative Assembly president, which may take place at 1115 this morning.

Assembly Elects Two Vice Presidents

PA0109201590 Panama City Television Service in Spanish 1618 GMT 1 Sep 90

[Excerpts] Dr. Arnulfo Escalona Rios was elected first vice president of the Legislative Assembly, defeating Dr. Gloria Maritza Moreno de Lopez. A total of 30 legislators voted in favor of Escalona, 26 voted for Moreno, and two abstained. [passage omitted]

Legislator Lucas Zarak was elected second vice president of the Legislative Assembly defeating Eric Fidel Santamaria by a vote of 31 to 27 and no abstentions. [passage omitted]

Calderon Calls Assembly Incident 'Most Serious'

PA0209192190 Panama City ACAN in Spanish 1701 GMT 2 Sep 90

[Text] Panama City, 2 Sep (ACAN-EFE)—The division in the Panamanian Government increased when a sector of the government coalition teamed up with the opposition to exclude the majority government party, the Christian Democratic Party (PDC), from the assembly posts. PDC leaders do not rule out the possibility of pulling out of the administration.

Ricardo Arias Calderon, first vice president and PDC leader, told ACAN-EFE today that what happened "will make very difficult" the coming legislative period and the task of implementing the government program announced by President Guillermo Endara before the Assembly yesterday.

Arias Calderon did not wish to respond to anything on the possibility that the government coalition may break up over this incident, which in his opinion is "the most serious" since the current government was established following the 20 December U.S. invasion.

The Assembly incident is added to constant public confrontations between leaders of the principal official parties, including Vice Presidents Arias Calderon and Guillermo Ford, and a drop in the government's popularity due to the fact that it has not solved the serious problems of unemployment, the economic crisis, and public security, as polls have revealed over the past week.

On Saturday, the Nationalist Liberal Republican Movement (Molirena), the Authentic Liberal Party (PLA), and the Arnulfist Party (PA), which comprise the coalition together with the PDC, joined opposition deputies of the Democratic Revolutionary Party (PRD) to elect the Legislative Assembly board.

The PRD, the leading party that supported ousted Manuel Antonio Noriega, has only seven deputies, as opposed to 27 from Arias Calderon's PDC, 15 from Ford's Molirena, five from Endara's PA, and four from the PLA.

Alonso Fernandez, from the Molirena, was elected president of the Legislative Assembly, and Arnulfo Escalona and Lucas Zarak, from the PLA and PA respectively, were elected vice presidents.

Arias said that "some elements" from the coalition went out of their way to exclude the PDC and that to accomplish that, they did not hesitate to reach agreements with "a party that represents Noriega and his dictatorship."

The first vice president believes that the events in the Legislative Assembly are "very negative" for the country "because the Panamanian people want to move away from anything having ties to the dictatorship, and they want the democratic alliance to be preserved."

Arias did not want to mention the names of those responsible for the incident, and he made no reference to charges by other Christian Democrats, who said that the PRD legislators were told that if they voted for Fernandez, their parliamentarian "immunity" would not be lifted when the justice system required it because of the lawsuits filed against them.

According to several PDC deputies, the PRD deputies were also offered the release of their bank accounts that had been frozen as a result of the lawsuits.

Leo Gonzalez, Molirena coordinator at the Legislative Assembly, denied today in a communique that deputies from that party had negotiated such agreements.

Endara Gives Legislative Assembly Speech

PA0109214290 Panama City Television Service in Spanish 1756 GMT 1 Sep 90

[Speech by President Guillermo Endara during the opening session of the Legislative Assembly in Panama City—live]

[Text] President of the Legislative Assembly, President of the Supreme Court, Your Excellencies, honorable legislators, fellow citizens:

As a requirement of the Constitution, we are opening the second regular legislative period of the Legislative Assembly, which will hold sessions for the next 120 days until 31 December of this year. May this be a proper time to wish you a period of positive achievements for the benefit of the Panamanian people.

On behalf of the Panamanian people, I want to express my joy over the election and installation of your new president and vice presidents. This process was conducted within a framework of complete freedom, during which the logical aspirations of all parties were taken into account and resolved democratically.

The days when the legislators submissively went to A Avenue [location of former Panama Defense Forces headquarters] for instructions, or when the telephone rang to offend the dignity of this parliament by telling legislators how to vote are far behind us.

Allow me to also express my joy over the fact that the three branches of government have finally been able to install the Electoral Tribunal. We have done it with honest and competent citizens. Consequently, we will soon see a complete Legislative Assembly with honorable legislators, some of whom still remain to be elected in their respective electoral districts. We have also been able to save the necessary funds to cover the costs of the new elections in those districts. I have great faith in the honesty, independence, and capability of the new magistrates.

From this illustrious hall and with God as a witness, I want to tell the entire country that I will do my utmost so that the 1994 presidential elections will be recognized and remembered as the most clean and honest ones in our Republic's history. [applause] I will turn over the presidential sash to whoever wins in a fair manner.

Having said this, today I want to share with you and with the citizens in general some thoughts on national issues and several very important matters.

As in all aspects of life, there are good and bad things around us at the present time. Everything is not rosy, but the situation is not as black as some may want to portray it.

Everyone knows deep down that the balance is positive but that there is much to be done so that Panama can again be the happy and calm country that it once was. Everyone also knows that the possibility of achieving this is greater today than before, and for one simple reason: Today it depends on us, on our individual and group effort and our purpose as a nation.

That is the way I see it. Therefore, I feel optimistic. Despite all passing problems, despite seemingly insurmountable obstacles, despite any momentary uncertainty or any temporary frustration, and despite any discouragement because it may seem that we are not progressing at the pace we want or that we do not have a fixed course, I know that we are marching in the right direction. I know that a good future—a promising future—awaits us.

This is not the moment to repeat everything that I said here in March during the installation of the first period of sessions of the Legislative Assembly. I then pointed out the calamitous situation of the country and the government we had found. I shared with you my ideas on how we should govern to strengthen the democratic administration and how we should respect the separation of powers, while working together harmoniously. I identified the big political, economic, and social challenges we had so as not to disappoint the people who had elected us. I spoke of how big, vigorous, and sovereign I wanted to see my fatherland.

Today, the message to you has a more specific content, because I believe that we must all focus our attention on two priority aspects that are of concern to Panamanians. I refer to the economic situation and the lack of jobs, and to social peace and safety on the streets. These are the fundamental problems that cause concern to our fellow citizens, and we must attack them resolutely right now. We will do so. We have been working on both problems. I reiterate, however, that the task of rebuilding the country is a task for all of us—above all, for the Panamanians of good will. It is not the exclusive responsibility of the governing group, although it is up to us to lead the way—or of the political parties or the legislative branch. It is the responsibility of all of us, of this generation of Panamanians.

Many studies have been made on employment, unemployment, and underemployment. We know that there are approximately 143,000 of our citizens who are unemployed. Each year, 27,000 youths whom the educational system casts out on the street to make a living join these ranks. We know that a majority of the unemployed are in Panama City and its environs, where three out of every four unemployed in the country live. We know that the majority of the unemployed are heads of families and

that [illegible]rious situation directly affects other persons, abo[illegible]ll children and infants. We know that the young women are the ones most affected, and that half of the unemployed population are between 15 and 24 years old. We know that a large majority of the unemployed are educated people who have at least finished junior high school.

A high percentage of them have completed secondary school. We know that underemployment has affected a large number of Panamanians. Although many did not lose their jobs in recent years, their incomes were drastically reduced and their economic situation deteriorated. There are many small farmers who live in great poverty. What can we do to solve this scourge of unemployment and underemployment? What can a sensible government do, aware of its historic responsibility and truly concerned—without any demagoguery—about meeting the aspirations of its people and providing jobs for the unemployed?

We have done the following:

First of all, we have analyzed the economy, without deceiving the people and without adopting any false stands. We asked ourselves: Under its present structure, can the Panamanian economy solve the problem of unemployment and provide employment for the Panamanians? The answer is just plain no. It cannot do this. This means there will not be any new industries, new businesses, new stores, new banks, new hotels, or any new agricultural activities in numbers large enough to provide employment for the 143,000 persons who are currently unemployed and the 27,000 who join the ranks of the unemployed every year. Statistics do not lie.

In 25 years—that is, from 1963 to 1987—unemployment rose from six to 12 percent. In recent years this chronic problem worsened, as we all know. In 25 years, the economy showed that it did not have enough strength to provide employment for the Panamanians, as the number of unemployed individuals increased every year.

To make matters worse, the instability resulting from the arbitrary military regime, particularly in its latter months, the economic sanctions sustained by the Panamanian nation, and the uncontrollable looting in December 1989 only exacerbated what was already happening. This once again brought up the need for taking action. It was like dealing a final blow to a collapsing building. However, it was such a strong push that the fall was very violent and noisy. Later on in this speech I will refer to these specific circumstances.

Therefore, we have the Strategy for Economic Development that the government presented to the productive sectors. It has been openly discussed for several months now and is based on the guidelines contained in the Agenda for National Reconstruction that the ADOC [Civic Democratic Opposition Alliance] proposed to the country in April 1989 as an electoral platform. The goal of this strategy is to truly and courageously turn around a stagnated, worn-out economy that must be stimulated so that it will provide employment for the [three-second break in transmission].

The debate on this strategy has been healthy. Everyone was asked to contribute, because the plan should belong to everyone, and later, at the time of implementation, we must all participate with faith and enthusiasm. I do not expect all of you to agree with all aspects of the strategy, nor is it realistic to think this will be the case. However, everyone's opinion has been most important, particularly when it was a sound and altruistic opinion, free from any prejudices, and with views toward the general well-being. Many groups have understood this and have made some truly valuable and constructive contributions that we have incorporated into the plan.

I want to announce that three days ago, after a final and thorough analysis, the Cabinet Council decided to adopt as government policy the general outline included in the National Strategy for Development and Modernization of the Economy, which was presented by the Planning and Economic Policy Ministry [Mippe] in accordance with the guidelines for the development and modernization of the country's economy. This work program contains the actions and policies that must be implemented in the short, medium, and long term in the public and private sectors.

All of these efforts of my administration, which have been made in broad daylight and before everyone, as no other previous administration ever dared to do, have this undeniable virtue: For the first time in many years, the government is sending signals to the rest of the economy, or is establishing the rules of the game, as the economists say.

We have been firm and consistent. We presented our ideas to the country before the elections. We were more specific and comprehensive when we drafted the economic strategy. We discussed it with all the sectors and included many suggestions. Now we have a working program of specific government actions, objectives, and goals. I must note a few additional considerations on this topic.

First of all, I want to warn the World Bank, the International Monetary Fund, and any organization or institution that seeks to condition financial and economic aid to Panama on our making adjustments and changes in our economy. The Panamanian Government, which I head because of an overwhelming people's mandate, will introduce measures to adjust its economy because the government and the sectors consulted so deemed it necessary to provide jobs for Panamanians, and not because anyone abroad imposes it or demands it of us.

Consequently, the specific measures that we will take are those that the Panamanians decide and consider most appropriate to overcome our stagnation. Not a single one more and not a single one less. We do so because we know what we need, to whatever extent we deem appropriate and according to our idiosyncrasies and particular

circumstances. We do so at the pace that the particular circumstances of Panama permit, so as not to cause any undue or unnecessary harm to the country's existing wealth. We will not lend ourselves to be the instrument to disrupt this country, which is already affected and an orphan, devoid of any economic program for the past 30 years. We will not traumatize Panama one minute more, and we will not contribute dead bodies as other sister countries have done.

This is a government of responsible persons. Our primary responsibility is toward the Panamanian people. The enormous and costly public debt was created by the dictatorship. It is not ours, but we will confront it. The exhausted economy is not our doing, but we will strengthen it, at our pace, at our rhythm, at our speed, and in our own way, because we are the ones who know best what is best for us and what we need. [applause]

The second consideration I wish to make is that we must have confidence in ourselves and in our ability as a nation to move forward.

We have the edifying example of the two Germanys. The two Germanys, East and West Germany, have decided to unite and be politically and economically integrated. Despite the fact that they have encountered many short-term difficulties, especially in the GDR's economy, the two countries stand fast in their decision and their will to make progress. They share a common and clear objective, and they know they are going to build a republic that has all the resources necessary to become a world power. This is possible because they believe in themselves, in their energy, and in their ability, and they trust that both the public and private sectors will work toward the same objective without lies or tricks. They will succeed, just like we will succeed in building a Panama with opportunities for everybody, not just a few.

The Strategy for Economic Development and its implementation will show positive results in the long term. Many measures have to be adopted, and it takes time to secure capital investments. We have already decided what kind and how large a house we want. Now we have to build it, and later we will be able to benefit from it.

The program for the country's economic reconstruction was approved this week. This does not mean that enough jobs will become available immediately, or that the private sector will immediately make the investments it is required to make. For this reason, to give time to the private sector to react, the government has been carrying out a short-term program with its own funds as well as with foreign aid, and it has designed a program to create jobs that should give immediate results.

The short-term program includes the temporary employment program implemented through the Labor Ministry and civic clubs, the program of Fundes [Foundation for Socioeconomic Development] for the recovery of the sector of small private owners, the emergency and preservation programs carried out by Ancon [National Association for the Conservation of Nature], the immediate recovery and emergency job program being carried out by the Public Works Ministry, the construction and school repair program of the Education Ministry, and the program to finance microenterprises and small enterprises, which is being implemented by the Commerce and Industry Ministry.

These programs have generated approximately 13,500 temporary jobs. Other programs to generate jobs that will be implemented before the end of the year include specific plans of the Public Works Ministry; the Education Ministry's plans for projects in Panama City, Colon, and San Miguelito; the Health Ministry's plans to improve hospitals; the plans of the National Water and Sanitation Institute; and the Housing Ministry's project for the El Chorrillo victims. These programs will generate a total of 2,000 jobs.

I must make a special mention of the Social Emergency Fund, FES, which will begin functioning in September with $20 million in capital. This is really an emergency plan to generate jobs. Jobs will be created through government entities such as municipalities and local boards, as well as through nongovernment entities such as civic clubs, religious organizations, and cooperatives. Directly or indirectly, we expect to create some 30,000 jobs in less than three years.

As we pay off our dues to international credit organizations and become current in our payments, we will be able to reactivate the public investment program with soft loans. We will be able to carry out maintenance and expansion projects for highways, schools, hospitals, electric systems, and port and water supply systems. It will be a modest but efficient public investment program.

Not only the government, but the private sector as well, is contributing directly to the immediate solution of the problem. In the first six months of this year, 3,600 new commercial and industrial licenses were issued throughout the country. In Panama City 1,500 municipal construction licenses were issued for $23 million.

The normalization of banking activity, a 51-percent increase in the banking system's liquidity between December 1989 and August of this year, the 21-percent increase in bank deposits during this same period, and the small but real increase in the number of employees in the private banking sector clearly prove that we are on the right path.

To this we must add the 17-percent increase in the Colon Free Zone's trade so far this year, an increase since May in the number of foreign visitors to the country, and an increase in the hotel occupancy rate. All this points toward job stability and the opening of new jobs.

If you will allow me, I would like to relate a personal experience. About 10 days ago I went with my wife to make a private visit. When I got out of my car, the neighbors had spread the word that the president was there. Many of them came to their doors and gardens to say hello to me. Some came closer to shake my hand.

Among them was a little girl, about five years old, who came running up to me with a big smile on her face. She came up to me and kissed me on the cheek and whispered in my ear: "My dad has a job now."

That, honorable legislators, is what my government is working for: to give that trust and stability to that home and that family, and to all the homes and families like them in Panama, and for that little girl, who stands for all the children in Panama, to feel happy and secure because their fathers can give them security.

We must build our nation on those bases. All the effort, sacrifice, and toil that we must exert to achieve this are worth it, just to see that big smile in the faces of all children like that five-year-old girl. [applause]

Included with the programs to create jobs, we must not forget the Housing Ministry's five-year housing program, which will create at least 15,000 jobs yearly from 1990 to 1994, according to estimates by the General Housing Commission, made up by members of the public and private sectors. We must also bear in mind the rural and urban microenterprise program being conducted by the Ministry of Commerce and Industry for $5 million. It will create 20,000 jobs in three years.

In matters of legislation and incentives for the creation of jobs, we are ready to submit to the honorable Legislative Assembly a bill aimed at creating multi-sector export zones to attract export industries.

The experience of other countries that do not have the advantages for international trade that we can offer in Panama indicates that these zones hold great potential for the creation of jobs. More than 130,000 new jobs have been created in the Dominican Republic since the program was implemented there eight years ago. Costa Rica has had comparable success in four years. These are all short-term programs. They are planned according to the Strategy for Economic Development and according to a coordinated system.

I cannot disregard an important issue. During the last legislative period, the honorable Legislative Assembly approved several laws, some of which I had to veto in the exercise of the authority vested in me by the Constitution. I do not want you to misinterpret the reason for my veto, which I explained in detail in each case. I do not disagree with the fundamental objectives of the legislation, whether it be to promote certain sectors of the economy, to create jobs, or to regulate public credit, but I believe those same objectives can be achieved in a coordinated and more efficient manner if we do it as part of an overall plan and not in isolated efforts. Otherwise, we could create disorder and do more harm than good, even though our intention may be a good one. That is why both branches, the legislative and executive branch, must act in a coordinated manner in the future. I accept my share of responsibility for not promoting greater ties with the legislative branch during the previous legislative period. I will do my utmost to prevent this from happening again. The presidency minister has been instructed to enforce this policy.

In the past, I mentioned the very special circumstances experienced and suffered by our country during the last three years, which ended in the 20 December military action. As a result of the economic sanctions that were imposed on the previous regime, which directly affected the Panamanian people; as a result of the looting and acts of vandalism that occurred as a result of the severe blows dealt on the institution, which was also in charge of preserving public order; and as a result of all the direct and indirect damage caused by the military action that took place in our country, my government believes it is important to note that all of these injuries and traumas can be justly corrected, because it is owed to the Panamanian people and government. Whether it is called compensation or donation, it does not matter for internal purposes. The truth is that the people have suffered. An organized society was badly hurt, and it could not be blamed or be held responsible for it. The starring role was not played by our country.

I agree with the National Reconciliation Commission's recommendations to have a complete report drafted on the 20 December U.S. invasion and its consequences, as well as a real inventory taken of all the material damage caused to the country and its population. I have asked all ministries and other organizations to conduct such an extensive investigation without delay. We must report to all citizens on the total extent of the damage caused.

The second topic of concern of the Panamanian people, after unemployment and the tottering trend of our economy, is social peace and order [two-minute break in reception]. I do not speak of political opposition to my government, which I do not fear and which I do want, because it is a healthy principle. I speak of enemies of the democratic system as a way of government. I speak of believers in oppression and a tyrannical regime. We must be alert to defend our principles and to act according to them. If we believe in democracy, we must be democrats in every sense of the word, but we must also be alert and ready to defend it.

These considerations lead me to say something about the role of the National Police, as a servant of the citizen and protector of democracy. We do not want militarism, and there will not be militarism in Panama. The Army, call it what you may, is something of the past in our country. [applause] Let the absence of an army not be interpreted as an opportunity for anarchy and chaos. Neither should the excuse of alleged anarchy or chaos be used to justify the reappearance of an army. It will not appear again, because all we need and want is a professional, technical, and apolitical police force, composed of servants with a high and civic-minded sense of responsibility, respectful and respectable, who are part of the community that they serve to prevent delinquency and chaos, who share the same civic and moral values as this community, and who are totally loyal to the government they serve, not

because they agree with it, but because it is the government elected by the people. [applause]

Justice in the tribunals is part of the social peace to which we aspire. By conviction and by professional training, I am respectful of the independence of the state branches because I believe that this prevents the reappearance of tyranny consolidated in a single body, which can approve laws, administer them, and apply them to citizens without giving them the right to defend themselves. That is why I respect and value the separation and independence of the judiciary branch, the office of the attorney general, and all the tribunals.

I must say, however, that the community wants justice to be served expeditiously. I understand perfectly well the amount of work that it signifies for the office of the attorney general to handle 21,000 charges against 35,000 persons received during the first six months of the year. These are figures that had never been recorded in our republican history. I understand that the majority of the cases are related to robberies and thefts that occurred during last December's incidents. More than 1,500 cases have been transferred to the judiciary branch to call those involved to trial. What is true and undeniable is that the community is impatient and does not want excuses or explanations, but results. I can understand that. Respectful of the separation of powers, but interpreting the will of the people, I offer the judiciary branch and the office of the attorney general all of the cooperation I can offer in terms of material resources. I ask the honorable Legislative Assembly to contribute to this effort by approving the draft bills that the office of the attorney general, the judiciary branch, or the bar association present to it to expedite the summary or trial proceedings of the cases that are pending and to do justice.

Social justice can also be affected by protest demonstrations. However, protests must be held without affecting the people's tranquillity. The only condition is that the rights of others be respected. If that condition is present, all citizens can be assured that, far from interfering with them, my government does not resent them. Having the right to protest and exercising that right is inherent to human freedom. The problem exists when the protest demonstration affects the rights of others: The right to move freely, the right to transact business, the right to physical safety, the right to one's honor, and the right of property are rights that are affected. I must recall that the government is here to protect those rights, and I will use its power to defend them whenever they are violated.

Honorable legislators, very soon, in less time than we think, the government of national reconstruction and reconciliation will have completed one year after having abruptly reached power. I think we have accomplished a lot, but there is also much to be done in the economic field to resolve the problem of unemployment, and in the field of social peace to guarantee safety in the streets, as I have already discussed.

Regarding the executive branch, I have issued clear instructions to my ministers and others. The time has come to study less and do more. The worst decision is the one that is not made. We cannot use the excuse of a lack of funds for everything. Although the problem of liquidity still persists, there are things we can do, thanks to the strong hand we have exercised in spending and in using the foreign aid that is just beginning to arrive. The time has come to act and to work to let the government action be felt, be seen, and be evidenced with projects and clear policies.

I have instructed the finance and treasury minister to speed up the procedures for fulfilling the required formalities, so as to begin as soon as possible the investments and public projects that already have the required funds, and also to initiate the privatization process. We must be honest and clear in the handling of public monies, but we must also be swift and efficient. I remind the ministers of the economic sector—planning, commerce and industry, and agricultural development—that the country is waiting to learn, in detail, about the economic work program agreed upon. It is also waiting for its implementation, without delay.

We must develop the laws, decrees, regulations, resolutions, or simply decisions that are needed to get on our way. I do not have to remind the ministers of the social sector—health, housing, and education—of the gap that we have inherited in each of these fields, the gap between the way things are and the way they should be. The health and housing deficiencies and the low level of our education demand a greater effort from you and your staff, and all their creative and work capabilities.

We must rescue the Social Security Institute, no matter what. [applause]

It is up to the minister of government and justice to find the delicate balance of correctly and adequately using power to guarantee the community's security without allowing the dangers, threats, and traumas of the past to reappear. The country expects that we will find that balance with the wisdom of Solomon.

I ask the minister of foreign relations to properly integrate our Foreign Service, to the extent our financial possibilities allow us. We must stress our presence in the eyes of all friendly countries and in international forums. We must spread the truth of what we are doing here and the integrity of our goals. We must continue to strengthen our policy of nationalism and the defense of our sovereignty, which places the defense of Panama's interests as the unwavering and priority goal of our foreign policy.

We must watch over and demand the fulfillment of the Canal Treaties. In March, my government nominated the canal administrator. His appointment is still pending. This places the current canal administrator in an awkward position because he has not been nominated by the Panamanian Government as stated in the Canal Treaties.

To you, Honorable Legislators, I offer the willingness of the executive branch to act in coordination and to work together for the good of the people, giving them the answers they expect of us. We were elected democratically to act efficiently and honestly and to solve problems, not to create or continue with the existing ones.

To the Panamanian people, I say that our country has a brilliant and prosperous future around the corner. On 1 March, when the Legislative Assembly was installed for the first time, we could not see the light at the end of the tunnel. That is why, in view of the hunger and pain that we would experience during those months because of unemployment and our battered economy, I went to the Metropolitan Cathedral, where I fasted for 13 days. I did that thinking of the suffering that the Panamamanin people would experience.

Today I am announcing that we can already see the light at the end of the tunnel. I repeat that a brilliant and prosperous future is just around the corner. However, it depends on all of us. It does not just depend on the president or the ministers, or the legislators, or the businessmen or workers. It depends on all of us. It depends on our joint effort, all pushing in the same direction, with generosity, without squabbles or pettiness. This is not the time for loafers or selfish people. It is the time for all Panamanians. For God's sake, let us have the confidence that together we may move ahead. Thank you.

Electoral Tribunal Chooses New President

PA3108153790 Panama City LA ESTRELLA DE PANAMA in Spanish 28 Aug 90 pp A-1, A-2

[Report by Claudio Herrera]

[Excerpt] Guillermo Marquez Amado on 27 August was chosen as the new president of the Electoral Tribunal during the first meeting held by the new members of that institution. Eduado Valdes, who was replaced by Mr. Marquez, presided over the meeting of the magistrates. Denis Allen, another newly appointed magistrate, also attended the meeting. Marquez was named last week through a Legislative Assembly vote. Mr. Allen was named by the executive branch on 23 August, thus filling all of the body's magistrates. [passage omitted]

Argentina

Foreign Minister Cavallo Travels to Mideast

PY3108140490 Buenos Aires DYN in Spanish 1212 GMT 31 Aug 90

[Text] Buenos Aires, 31 Aug (DYN)—This afternoon Foreign Minister Domingo Cavallo will travel to the Middle East, where he will meet with all Argentine ambassadors in the region to "make direct contact" with the Persian Gulf crisis.

Cavallo said yesterday at Government House that he will make official visits—scheduled before the crisis—to Israel, Morocco, and Egypt.

He said: "Given the situation of the Persian Gulf conflict, we had doubts about whether to make the trip or not, but we finally decided to make it—not only to hold the originally planned bilateral talks, but also to make direct contact with what is happening in the region."

Cavallo said: "Argentina will always contribute to peace, so we expressed our support for the U.N. Security Council resolutions," but he clarified that the Argentine Government did not offer to mediate in the conflict.

"The Iraqi ambassador made some statements in this regard, but we cannot speak of a mediation, we are simply supporting the mediating efforts of UN Secretary General Javier Perez de Cuellar," the minister said.

However, Cavallo stressed: "Argentina will always be willing to help in any way it can to preserve peace."

As for the possibility of eventually sending troops to the region, the foreign minister confirmed that so far, "Argentina has received no such request from the United Nations or any other country that has forces in the conflict area." He added: "For the time being, the executive branch is not considering this possibility at all."

As for whether or not there was a need to consult Congress in case troops are sent, Cavallo said: "It depends on the circumstances and on what kind of troops."

The foreign minister said that if it were a case of sending troops for the "Blue Helmets" [UN Peacekeeping Force], it would "be an obligation of UN member countries to do so, and the executive branch may authorize sending these kind of troops" without consulting Congress.

Cavallo added that if the government believes it is necessary, Congress would be consulted "in the event of sending troops for a multinational intervention force, as foreseen in the UN Charter."

More on Cavallo Trip

PY0109222090 Buenos Aires DYN in Spanish 2200 GMT 31 Aug 90

[Text] Buenos Aires, 31 Aug (DYN)—This afternoon Foreign Minister Domingo Cavallo departed for a two-day official visit to Israel. During his visit, he will meet with President Hayim Herzog, Prime Minister Yitzhaq Shamir, and Foreign Minister David Levi, who will give him their viewpoints on the Persian Gulf crisis.

After visiting Israel, Cavallo will also make an official visit to Morocco where he will be received by King Hassan II and Prime Minister Dr. Azzedine Laraki.

Cavallo possibly will also visit Egypt, but Foreign Ministry sources said this afternoon that this has not yet been confirmed.

Cavallo departed at 1645 this afternoon from the Ezeiza International Airport on a regular Argentine Airlines flight bound for Paris where he will make a connection that will take him to Tel Aviv where he will arrive on Sunday [2 September] at 2000.

On Monday, Cavallo will begin his official activities by meeting with Ambassador David Aphek, director of the Foreign Ministry political research center.

After laying a wreath at the Holocaust Mausoleum, Cavallo will meet with Foreign Minister Levi and then with Deputy Foreign Minister Reuven Merhav and Finance Minister Yitzhaq Modai [names and titles as received]. In the evening, Cavallo will be entertained by his counterpart, Foreign Minister Levi, with a dinner.

On Tuesday [4 September], the Argentine foreign minister will meet with Prime Minister Shamir and then with President Herzog. Afterward, Cavallo will go to the city of Jerusalem. In the afternoon, after a meeting with Bank of Israel Governor Mikha'el Bruno [name as received], Cavallo will hold a news conference at the King David Hotel.

On Wednesday [5 September] morning, Cavallo will meet with professor Itamar Rabinovich [name as received], Tel Aviv University rector and a former director of the Dayan Strategic Studies Center, and then with Labor Party General Secretary Shimon Peres. Cavallo will then meet with Israeli businessmen.

On the second leg of his tour, Cavallo will arrive at the Casablanca Airport at 0825 on Thursday [6 September] and then will meet with Abdellatif Filali, the foreign affairs and cooperation minister of the Kingdom of Morocco. In the afternoon, Foreign Minister Cavallo will successively meet with Prime Minister Azzedine Laraki; Ahmed Osman [name as received], Chamber of Deputies president; and King Hassan II.

On Friday [7 September], Cavallo will lay a wreath at King Mohammed V Mausoleum and then will hold a working meeting with the Argentine ambassadors

accredited in North Africa and in the Middle East. The meeting will be held at the Argentine Embassy.

On Saturday [8 September], Cavallo will visit the city of Fez and at 0900 on Sunday [9 September] he will depart from the Casablanca Airport.

Economic Minister Gonzalez Announces 'New Stage'

PY0109024590 Buenos Aires Argentina Televisora Color Network in Spanish 2345 GMT 31 Aug 90

[Address to the nation by Economic Minister Erman Gonzalez from South Hall of Government House in Buenos Aires—live]

[Text] Good evening. We have made mistakes. It is our responsibility to fix them. We also have had successes. These were possible only because of the Argentine people's generous understanding and willingness to accept change. We are implementing a program to remove the great obstacles hindering social justice and economic growth.

Growth with justice is the essential basis of a democratic society, a society in which all individuals can fully develop. We are definitively committed to this goal. Tonight we are not going to announce a change in programs but a new stage. It is an essential stage to consolidate the progress we have achieved, to rectify mistakes, and to take into account new domestic realities as well as the new realities of the world economy.

Tonight we are going to announce a new stage because we have built solid foundations for it. We have demolished the elements generating the risks of hyperinflation. We all know this. After so many failures we do not want to deny ourselves the right to announce this victory, something we have won with high cost and much suffering, a battle that has had a high cost in other countries as well.

We have reduced our public spending—projected for 1990 and compared to last year's spending—by $4 billion. We have had fiscal surpluses for the past 11 consecutive months. We have collected more and spent less. Today the level of international reserves at the Central Bank, as all economic analysts know, can discourage and prevent any run on the banks.

These two elements are a solid framework for the formulation of a consistent monetary and fiscal policy. This is not just the result of chance. This situation is the expected result of previous extremely hard and audacious decisions. Those decisions established, among other things, the elimination of the transfer of revenues through the financial system at the expense of the Central Bank which, paradoxically, provided the model for the speculative economy that survived without much risk. The elimination of rediscount operations of overly subsidied lines of credits caused by the overbearing deficit of our public enterprises, as well as the refinancing of the domestic public debt, allowed the implementation of a more independent monetary policy.

The elimination of controls on foreign exchange and the establishment of a free and floating foreign exchange system—with the Central Bank intervening to prevent suddent sharp fluctuations as well as ensuring respect for market trends—have allowed us to destroy the mechanism of uncertainties caused by the traditional sudden foreign exchange rate increases.

We have not eliminated inflation yet, but we have installed a more reliable economy. Now it is possible to conquer stability without resorting to economic shock measures whose social repercussions could prevent the continuation of any program. We are slowly getting used to this new framework of freedom. The new system has prevented the proliferation of so-called secure business based on the illegal handling of information and exessive controls.

To be coherent this new framework demands the implementation of new instruments and more changes.

The reform of the Central Bank's organic charter is an essential part of this program. We hope it will become an instrument which, together with the new established independence and stability of its directors, will provide the tools for a strong program to defend our currency.

All freedoms require more responsibilities in the public and private sectors. One of our priorities within this framework is the elimination of tax evasion. This means not only an improved administration of existing systems—here we have made important progress as shown by the figures— but a redefinition of the system. The indexation of withheld taxes, or those taxes that are collected through third parties, and the elimination of fiscal exemptions such as the IVA [Value Added Tax] for the promotion of industrial production, are producing additional revenues amounting to over $1 billion a year.

A framework of responsible freedom is necessarily a more competitive framework. The construction of such a system is the responsibility of the government as well as of entrepreneurs. We have reduced the average customs duty on imports by 10 points. We are conscious of the additional efforts these changes bring on many producers and workers. This effort is aimed at increasing productivity in many sectors of our economy. One of these sectors—the most important but not the only one—is the public sector.

The government is implementing a deep transformation of the public sector. This stage we are announcing today is a new step in that direction. It is aimed at achieving a substantial reduction of public spending and an increase in productivity. The privatization of public enterprises is a clear indication of our commitment. The private sector is now responsible for television channels 11 and 13. These stations produced chronic deficits that had to be paid with new taxes or with more inflation. The private sector is now responsible for the maintainace of 10,000 km of national highways that the state could not maintain economically. The private sector is now responsible for Aerolineas Argentinas, for 8,000 km of railway, and for Entel [National Telecommunications Enterprise].

The private sector is therefore responsible for the efficiency and modernization of our telephone system.

The private sector will increase its participation, and therefore its responsibility, in the production of national oil in central and secondary areas. Encotel [National Enterprise for Mail and Telegraph], the National Sanitation Works, State Gas, SEGBA [Greater Buenos Aires Electrical Services], Hidronor [North Patagonia Hydroelectric Company], and Navigable Waterways [Vias Navegables] will also allow greater private sector involvement in the coming months.

Another effort is the decentralization of services provided by the National Highways Directorate and Water and Energy. These services will be shared with the provinces. The decentralization is already underway to increase social control of public services and the privatization program.

We have also made decisions to close establishments which only meant costs and no profits. We have closed 28 branches of the National Mortgage Bank. Other branches will be closed before 30 September 1990. We have restructured the National Development Bank by closing branches and redefining some of its goals. We had the support of the World Bank to finance projects of medium-sized and small businesses.

We have established responsible negotiations with all international organizations including our private creditors. This has made us elegible for complementary loans to supplement the investments our country needs. Today we want to advance toward the construction of an exemplary state.

An efficient and austere state is capable of: accounting for the productivity of its expenditures, efficient resource administration, generating and promoting changes in society. Everything we are announcing today has that goal in mind. This is a program to restructure the state into a modern state. We want the private sector to do everything it can do. This is why we are committed to this reform.

As of today the Economy Ministry will be wholly responsible for the administration of enterprises operating under the Public Works and Defense Ministries. Our first decision is that as of 1 October all public enterprises will suspend service to any public or private client which does not pay its bills.

We have also suspended all public or private contractings, or purchases not approved, with the exception of those deals that are indispensable to operate the service, or to help the enterprise's privatization.

We have suspended all free services by autonomous enterprises. We have also decided to push forward the privatization of other free services with the exception of health, education, and security services. Our program to rationalize public spending and the strict implementation of Decree 435 will receive an additional push. The administrative reform, the reorganization of state enterprises, and the reduction of personnel are programs that will be implemented as soon as possible.

This is a complex task requiring of a lot of coordination in the public sector. We have decided to modify the system regulating compensation and dismissal of public employees and to immediately reduce the numbers of temporary personnel. The centralization of salary negotiations involving the state and its enterprises, the implementation of the same salary levels in all public offices, and the suspension of all labor clauses affecting productivity represent a change toward equality and rationality. We have decided to announce in 60 days a strict schedule of privatizations to complete this program.

National financial firms that granted credits guaranteed by the Economy Ministry will be ordered to demand the return of all unpaid loans and use all legal means available to that end. We have provided a system of cancellation for these loans. The Central Bank will demand, before 1 December 1990, the repayment of current debts with financial firms now being liquidated and will call for the bankrupcy of firms which do not pay after the appropriate petition is issued.

The situation of state properties which are rented, loaned, or used by other departments will be determined in a 60 day period. We have ordered strict control of purchases of goods, services, and capital in all state departments. All special accounts will be united in the treasury. This means that the Finance Undersecretariat will control all deals.

Social security services and family stipends will not be modified without the previous intervention of the Economy Ministry. This is a difficult path because it implies changes in the relation between the state and the private sector. The program is to create a modern state and liberate resources to increase the efficiency of the economy and to allocate resources to overcome stagnation and inequality in many areas. We have to overcome 15 years of social and economic recession. The state has assumed its responsibility with this program. However, all Argentines must know that this weakened state, many times near bankrupcy, carries on it shoulders a heavy burden of different and contradictory interests. These interests gave way to a deep deformation of all standards of operation and behavior. Our country, our economy, our state, have been unable to develop as a consequence of a system which I have no hesitation in characterizing as privilege-ridden and responsible for squandering public resources.

The government has been a bad administrator. With this program, it is quickly ceasing to be so. However, many of the private interests—ranging in degree—of various sectors are also to be blamed for our current situation. We are committed to the task of reorganizing the government and introducing changes in the country. All Argentines yearn for these changes, but nothing can really

change if changes are only partial. To implement thorough changes in Argentina, all sectors must generate their own changes and modify their performance.

To build a market economy, it is necessary to have a market culture and a type of economy that cannot coexist with oligopolic and monopolic models. The government cannot implement this change alone, but it can establish the scenario for the change. In this sense, the achievements in favor of a responsible economic opening include: the reduction—to an average eight percent—of the taxes withheld by third parties or companies; the expansion of the potential markets resulting from a process of integration with the neighboring countries; and the slow, but sustained, recovery of the salaries' purchasing power. Also important for the change is the implementation of clear and open rules, which must be permanently confirmed.

The denationalization of the wheat market, a grain market in dollars, the minimum rights of the regional products, and the adequately anticipated announcement of the reduction in the rights of the agricultural and livestock production provide a stable situation for the implementation of these rules. The commitment to respect the market mechanisms and the pursue broader horizons for urban products are milestones for establishing a new economic order, the real fruits of which are maturing.

We will not abandon this path, but we will demand that all sectors share with us the responsibility for this adjustment. The Argentine businessmen now have a nontransferable responsibility. A market economy is based on investment decisions, which are real decisions only when they include risks. We are creating the framework for these decisions; the businessmen will have the responsibility and the opportunity to increase productivity, which will ensure the defeat of inflation and create the basis for our national growth.

The world is now one system. No economy can become estranged from the overall trends nor from the events that cause them. This applies to structural matters and to the international problems, and the Persian Gulf conflict confirms that. To be able to deal with this situation, we must modify the regime of the oil and gas privileges. From now on, the price of oil will be figured at the oil wells and will be based on the prices of the local market. Beginning at 0000 on 1 September, the price of gasoline will go up 35 percent. Other oil by-products will go up 20 percent. Public utility rates will go up from 12 to 15 percent.

All the measures I announced tonight will bring about profound changes. In the opinion of some, these measures will seem harsh and bold, similar to those that launched this program, but the balance of the program has been positive. The program has generated stability and has given credibility to the economic policy. In the opinion of others, the measures will seem insufficient. Only the results will prove who is right.

We all have a frail memory. We have certainly been at the verge of social upheaval. We have gone through dramatic moments that do not require emphasis, and hyperinflation was the cause of it. However, this is not the time to dwell on the past nor to seek scapegoats. This is not the moment for mean attitudes. A lowly attitude would be to find financial and budgetary devices to solve the immediate problems and thus condemn the future of the country.

We did not have social upheaval, and we are not about to because hyperinflation has been defeated. Social upheaval cannot be prevented by preaching. It can only be prevented by a responsible government. To govern responsibly is to adopt the necessary decisions at the right moment instead of trusting that time will heal wounds. We can show positive results. They prove us right. We will not make an inventory of what we have inherited. We are simply complying with our convictions. Problems require solutions. We all agree that we have progressed. As all have asked for changes, I now ask you to have hope. We have a great responsibility, and we cannot fail to assume it. I am sure that we will not fail. Only the results will prove who is right, and we are convinced that they prove us right.

Defense Chief, British Envoy Discuss Falklands

PY0109191090 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2039 GMT 31 Aug 90

[Text] Buenos Aires, 31 Aug (NA)—Today Defense Minister Humberto Romero and British Ambassador Humphrey Maud discussed the implementation of agreements regarding the protection zone surrounding the South Atlantic islands.

At the end of the 30-minute meeting, which started at 1530, Defense Minister Romero said: "Both parties have been trying to achieve better understanding and avoid any difficulties on the high seas."

"We are handling the issue with common sense" added the defense minister.

Romero denied that during the meeting, they discussed issues pertaining to the Persian Gulf conflict. He added that they simply had a "protocol" discussion of bilateral issues.

Moreover, Romero announced that a delegation from the Royal College for Defense Studies, made up of British, Swedish, and Malaysian officers, will arrive in Argentina in two or three weeks.

Romero said the foreign delegation "will make the visit to study current issues regarding defense, the economy, and different aspects of Argentine life."

Joint Fisheries Affairs Group To Meet in Sep

PY0109174890 Buenos Aires BUENOS AIRES HERALD in English 31 Aug 90 p 1

[Text] (DYN-NA)—The first meeting of the joint Argentine-British consultancy group for fisheries affairs will be held in Rio de Janeiro on September 4-6, it was announced officially.

The group—which will gather under the umbrella of sovereignty issues in the Malvinas, South Georgias and South Sandwich islands—will have the task of exploring bilateral possibilities for cooperation and the conservation of the most prominent fish species in the southwest Atlantic, including the waters around the Malvinas islands.

The work group was set up by the governments of Argentina and Britain in the joint declaration of Madrid last year on February 15.

The Argentine side will be headed by Foreign Affairs Ministry Malvinas, South Atlantic and Antarctic Director-General Jose Maria Otegui, while the British delegation will be led by Foreign Office South Atlantic and Antarctic Affairs Director Sir Merrick Baker-Bates.

The aim of the sessions is to draw up guidelines to protect deep sea fish stocks from large fleets of third countries sailing in the area.

Australian Official Discusses Bilateral Issues

PY0109175890 Buenos Aires BUENOS AIRES HERALD in English 31 Aug 90 p 11

[Text] (DYN)—Australian Deputy Foreign Minister Richard Woolcott met with Argentine Foreign Ministry officials yesterday to discuss bilateral issues such as the Antarctic, disarmament, regional security and commercial air transport.

Woolcott arrived in Buenos Aires on Wednesday [29 August] night and is leaving today. Specific issues included the discussion of a Franco-Australian proposal for an Antartic environment protection agreement and the upcoming meeting of signatories of the Antarctic traty to be held in the Chilean capital of Santiago during November and December.

Woolcott met with Foreign Undersecretary Hector Subiza and they signed a bilateral crime prevention agreement between the two countries.

Woolcott leaves at 9.45am today to continue his tour of Argentina, Brazil, Chile, Uruguay and Peru.

Foreign Minister on Regional Economic Integration

PY3108190590 Buenos Aires TELAM in Spanish 0143 GMT 31 Aug 90

[Excerpts] Buenos Aires, 30 Aug (TELAM)—Foreign Minister Domingo Cavallo has explained that "the ultimate objective of Latin American integration is to obtain investments for Latin American countries [words indistinct] new job sources and thus increase production, incomes, and trade."

Cavallo delivered a speech on Latin American integration tonight to the National Economic and Social Consensus Committee at Government House.

Cavallo praised the "satisfactory and specific work" carried out by the delegation headed by President Carlos Menem that recently went to Chile.

After the speech Cavallo told TELAM: "We are trying to unite ourselves, seeking a stronger negotiating position in an increasingly interrelated world economy." [passage omitted]

Foreign Minister Cavallo said: "Investments will rapidly expand through the integration process." He added: "Today, risk capital is invested in those countries that offer better conditions. The promotion of exports is the basis of the world economy."

Cavallo added: "From the United States, Europe, and Japan we will receive [words indistinct]. They have investment projects for the public and private sectors. These countries will allow us to increase our markets and make our economy more competitive."

President Menem Returns From Uruguay Visit

PY0309025090 Buenos Aires TELAM in Spanish 2055 GMT 2 Sep 90

[Text] Buenos Aires, 2 Sep (TELAM)—At 1745 today President Carlos Menem returned to this capital from Colonia del Sacramento, where he met with his Uruguayan counterpart, Luis Alberto Lacalle.

During their meeting in the Uruguayan city, Menem and Lacalle discussed the status of the integration process in the continent.

Police Discover Weapons Cache in Buenos Aires

PY3108205690 Buenos Aires LA PRENSA in Spanish 29 Aug 90 p 3 (Second Section)

[Text] Police sources reported that on 28 August, personnel of the 27th Police Precinct discovered an arsenal that included grenades bearing the insignia; "Argentine Army."

Four people were arrested during the raid that was carried out on a house in Villa Crespo.

Shortly after 1500 the police raided the house of a former arms collector at 700 Camarilla Street in Buenos Aires. The identity of the owner of the house has not been revealed.

The police also arrested three other people and seized several machine guns, pistols, revolvers, a large quantity of ammunition for large-caliber weapons, and grenades belonging to the Argentine Army.

Explosives Squad personnel carried away the grenades to prevent any accident. Federal Judge Martin Irurzun is hearing the case.

Brazil

Collor on Gulf Crisis, Energy Alternatives

PY0309190290 Sao Paulo FOLHA DE SAO PAULO in Portuguese 30 Aug 90 p B-4

["Text" of speech by President Fernando Collor de Mello to relaunch the National Alcohol Fuel Program, at the opening ceremony of the first International Meeting on Sugar Cane Energy in Maceio, Alagoas State, on 29 August]

[Excerpts] Mr. Governor of Alagoas; Mr. Governor of Sergipe; Mr. Ministers; Mr. Congressmen; producers; dear Mr. Teotonio Vilela Filho, president of the Federal Senate Infrastructure Committee and inspiration behind this important event for our country's future; ladies and gentlemen: [passage omitted]

National development, social justice, and world peace are the greatest aspirations of the Brazilian people. We want to live in a prosperous and just society in which every citizen can contribute to the best of his or her abilities. We must therefore create a strong and modern economy capable of serving as the base for a nation with opportunities for everyone.

There cannot be economic growth without an extensive and diversified infrastructure in the energy sector. Energy is required for the operation of factories, shops, offices, and hospitals. Energy is required to light the streets and schools and to provide a safer and more comfortable life at home.

Over the past few years, the economic crisis in which the country was submerged created a serious insufficiency in investment in this sector. Associated problems attracted attention and funds, distracting administrators from long-term needs. Now, ironically, it is the current circumstance that reminds us of the need to immediately address the issue of future energy for Brazil.

The current Middle East crisis has created great uncertainty on the international scene. Brazil wants a world of peace, a world based on strict obedience to international law. We know that international law has been repeatedly violated throughout history and we have always condemned such violations. Disrespect for international law, however, must never serve as an argument for further transgressions.

The current crisis serves to demonstrate that world peace is not only an ideal. Above everything, it is a necessity for mankind, an essential requisite for the total achievement of progress and well-being on earth.

Brazil is sharing in this moment of tension with the international community and will strictly obey the determinations of the UN Security Council. Brazil definitely hopes that the current crisis will be overcome without resorting to the armed forces that have been gathering in the region since the beginning of the month.

Independent of any analysis, the most important thing for Brazil is to clearly evaluate the consequences of this kind of international situation for our economy. We must face and overcome its effects. Although we hope good sense will prevail, we cannot disregard the most pessimistic possibilities. It is the duty of a sensible and prudent government to not rule out any possibility nor discard the lessons of the current crisis. The situation, as we all know, is extremely serious.

Ladies and gentlemen, the Middle East crisis brings the energy sector of our economies to the center of international attention. Brazil must import 15 percent of its overall energy needs—and 50 percent of its gasoline needs—which demands that we adopt measures.

The so-called oil crisis of the seventies caused unprecedented concern over the continuous and secure supply of oil, its international market price, and the idea that the world's fossil fuel reserves are not infinite.

In 1973, every country reacted as well as it could in face of the surprise OPEC action. It became the order of the day to save oil, increase national reserve exploration, develop new technologies for more efficient oil use, and seek alternative energy sources. Considerable progress was made in all these aspects, and many of the alternative solutions have become a part of the international economic reality. [passage omitted]

Over the past few years, especially during the second half of the 1980's, the fears of crisis have gradually been overcome, or at least, they have no longer demanded priority attention as in the previous decade. International petroleum prices have stabilized at a level low enough to disregard the current urgent efforts to replace or reduce the use of petroleum byproducts in different sectors of national activity.

Brazil was capable of reacting in a creative manner to the energy crisis in the 1970's. Our reaction assumed two different forms: increasing research and exploitation of petroleum in Brazilian territory and on the continental shelf; and the implementation of the Alcohol Production Program [Proalcool].

For the success of these two efforts, we mobilized a tremendous amount of human, material, and scientific resources. At no point have we considered giving up the tremendous achievements. However, the truth is that the relatively low price of petroleum on the international market prompted the emergence of some sectors criticizing the country's energy policy, especially the so-called Proalcool.

I was one of those who criticized certain aspects of the program. I have shared doubts about high production costs and the serious irregularities in the supply of alcohol-run vehicles. Moreover, I have always been bothered by the effects of this program on Brazilian agriculture, especially by the transfer of agricultural crops to more distant and less fertile areas, as well as by the environmental damage caused by the indiscriminate

expansion of the crops and by the pollution caused by some industries. The other limitation of the program, which I hope will be temporary, is that the alcohol does not replace the diesel fuel.

Of course, for an unbiased assessment, we must also consider the positive aspects of the alcohol program. This fuel contributes, to a large extent, to the improvement of the air quality in large cities. Another even more significant aspect is that, although it represents only four percent of the national energy supply, alcohol has a strategic role because it represents the best liquid fuel alternative to petroleum byproducts. Proalcool has tremendous importance in the social sector as a generator of employment opportunities and low investment levels, although it needs to improve attention to the rural worker. In an effort to expand this economic activity, this program has granted opportunities to more than 65,000 sugar cane suppliers and producer cooperatives to establish a large number of new distilleries.

Regarding the efforts to reduce dependency on imported petroleum, led by the action of Petrobras [Brazilian Petroleum Corporation], I have never allowed my justified concern over some distortions in the enterprise and in that sector to be mistaken by the questioning of that essential objective. I have always believed that we were trying to overcome a situation involving large amounts of currency and also the threat of crises which are absolutely out of our control, such as the one we are experiencing at this moment.

The so-called second petroleum shock, prompted by the Iranian revolution in 1979, has had a tremendous impact on the international economy, which ultimately turned the 1980's into the "lost decade," to which several social scientists refer when talking about Brazil and the other Latin American countries. In this region, the harmful confluence of inflationary and recessive situations have strongly affected investments in the energy sector. We should have increased national petroleum production more quickly. We should have tried to improve and rationalize the alcohol program. We should also have invested more in research and in the development of technologies that would have allowed more intensive use of alternative energy sources.

That is what we should have done, but have not done, especially because of the economic crisis in which the country has been submerged for more than 10 years. We must now correct this situation, ladies and gentlemen.

My government, the government that was democratically installed on 15 March 1990, seeks to bail, and must bail, the country out of the current crisis. We will not be able to do so without curbing inflation, which we have already managed to reduce from 90 percent to almost 10 percent monthly.

These results are more than mere numbers. In fact, in the struggle against inflation, the very nature of the strategy is changed, and two taboos are being and have been removed. The first is the belief that inflation can be curbed only by controlling prices. The current results have been obtained with the greatest liberalization of prices in the history of the Brazilian economy. The second taboo claimes that without controlling utility rates, the struggle against inflation will be futile. Utility rates will not be controlled. On the contrary, we are moving toward more realistic utility rates, the only solid basis for the construction of effective and competitive state and private enterprises. And, in a gradual manner, taking into account the historical cost-price gaps, we will reorganize Brazilian tariffs, which will have, of course, a decisive impact on the investment and renewal capacity of the energy sector.

Once inflation is controlled, and when the people's, the businessmen's, and the workers' confidence in the government and in the future of the country is recovered, the preliminary conditions will exist for the national reconstruction I have decided to promote.

Reorganization and updating of the energy sector in Brazil are aspects absolutely essential for that task. As in any other task, unexpected problems have emerged that have challenged the ingenuity, and above all, the determination of the people involved.

The Persian Gulf crisis is by no means included in our calculation, nor in the calculation of the international community. On the contrary, the world has been celebrating the emergence of a more concrete environment of world peace. In a sense, the new events have come to test the new model of coexistence among the main world powers.

The current crisis demands that we Brazilians urgently carry out a task we were supposed to carry out at any cost. The energy issue has been demanding, for a long time, decisions and changes that will allow us to advance toward the future without greater concern in this field. Thus, although it is absolutely regretable, the possibility of an armed conflict among nations with which we maintain diplomatic relations encourages us to prove, once again, that we are capable of facing adverse situations as launching pads toward development, toward solidarity among nations, toward social justice, and world peace.

The country is at this moment trying to identify alternative sources to replace the supply of petroleum. It has successfully conducted negotiations with neighboring countries and other producers. Our strict compliance with Security Council resolutions forces us to make this effort at this moment. The agreement for the implementation of the Energy Integration Program, in the use of natural gas, signed a few days ago on the occasion of the Bolivian president's visit, for example—although it does not deal specifically with petroleum—seeks a rapprochement among South American nations to meet the priority needs of our respective economies. The Itaipu hydroelectric dam is a clear example of the efforts among nations of the continent in the energy sector, as well as

other important projects in the process of integration with the sister Republic of Argentina. [passage omitted]

Rezek Says No More Weapons Exports to Iraq

OW0309141590 Tokyo KYODO in English 1343 GMT 3 Sep 90

[Text] Tokyo, Sept. 3 KYODO—Brazilian Foreign Minister Francisco Rezek said Monday that Brazil will not export weapons to Iraq under its present leadership even after United Nations sanctions are lifted, Foreign Ministry officials said.

Officials said Rezek made the pledge in an hour-long meeting with Japanese Foreign Minister Taro Nakayama at the Foreign Ministry's Iikura Guest House, on the second day of his visit which ends Wednesday.

Rezek noted that Brazil was a major supplier of conventional arms to Iraq while it was under military rule from 1964 to 1985. But he added that all trade in weapons was suspended a year and a half ago for nonpolitical reasons, according to officials.

The minister was quoted as saying that when the current crisis in the Persian Gulf is resolved, Brazil will resume its commerical trade relations with Iraq, but it will no longer export weapons to the current leadership.

Brazil is believed to be the world's largest exporter of weapons to the Third World. It has placed an arms embargo on Iraq.

Rezek is the first Brazilian cabinet member to visit Japan since President Fernando Collor de Mello, who was inaugurated last March after winning Brazil's first presidential election in 29 years. Collor de Mello visited Japan as president-elect last January.

Rezek stressed that a resolution of the crisis should not be sought through military force but rather by negotiation, officials said.

Nakayama said that Japan wants to cooperate with Brazil and other countries in achieving an early resolution of the crisis and in gaining the release of foreign nationals held hostage by Iraq, officials said.

Rezek explained that Brazil's compliance with United Nations sanctions against Iraq translated into a unilateral cutoff of 200,000 barrels-a-day in crude oil imports from that country and Kuwait.

He said the resulting increase in the price of oil, not to mention the loss of revenues from exports of food and machinery, has shaken the Brazilian economy at a time when the government is undertaking major efforts to tame hyperinflation and to implement economic adjustments aimed at stabilization.

Brazil imports about half of the 1.2 million barrels a day of petroleum it consumes. The increase in world prices for oil is expected to cost the indebted country some 1 billion dollars over the next six months.

In addition, Brazil was Iraq's second largest food supplier after the United States, having exported some 343 million dollars worth of food there in 1989.

But the Brazilian Government is reportedly considering an Iraqi request to supply Bagdhad with food for humanitarian reasons, officials said. Rezek stated recently that Brazil would consider food exports on that basis to be exempt from the U.N. ban.

King Husayn Asked To Help Free Latin Americans

PY0209022690 Sao Paulo FOLHA DE SAO PAULO in Portuguese 31 Aug 90 p A14

[Report by special correspondent Roberto Lopes]

[Excerpt] The Governments of Brazil, Argentina, and Chile have asked King Husayn of Jordan to help free all Latin Americans being held in Iraq and Kuwait. A request to this effect, signed by the ambassadors of these three countries in Amman, was delivered to the Jordanian court last Saturday, 25 August. FOLHA DE SAO PAULO has learned that the move has a secret and urgent purpose: to free the seven Chilean military engineers who were rendering technical assistance to the Iraqi military industry and who were denied permission to leave Iraq by the Baghdad authorities.

The Brazilian Foreign Ministry anticipating the possibility of a similar problem—taking into account the fact that 23 Engesa [Specialized Engineers, Inc.] aeronautic engineers are also working for the Iraqi military industry—decided to take preventive measures and instructed its ambassador in Jordan, Felix Batista de Farias, 61, to sign the document proposed by Chile. King Husayn has still not responded to the request because he was touring North Africa, and yesterday he started a tour of Europe. [passage omitted]

Experts in Iraq Claim Their Work Was Approved

PY0309161890 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Sep 90 p 18

[Report by William Waack]

[Text] Baghdad—It was a mixture of professional ambition, personal vanity, and lack of opportunities in Brazil that led most of the members of the group to seek a chance in Iraq. In 1988, a cut in investments in several advanced-research military projects in Brazil affected the aerospace sector. A group of people with excellent academic training and work experience in projects—many of them with international experience—suddenly found themselves jobs and without prospects.

"Then there appeared an investor with a good potential, namely Iraq, which offered us a chance to continue our work and which paid us well. Compared with the salary I earn now, the Brazilians collected puny amounts at home," said one of them, although his salary, in international terms, may be comparable to the one collected by a department chief of a multinational concern in

Brazil. According to the unanimous story of the technicians who spoke yesterday with O ESTADO DE SAO PAULO, the possibility of using the project developed in Iraq in subsequent work in Brazil also attracted them to work in Iraq. "The initial calculations were good," said one of the participants, adding: "Iraq would invest, would get its product, and the group would not split." On the contrary, we could continue working on this after returning to Brazil, which would get everything gratis."

The members of the group do not want to mention names or institutions, but they assert that their departure from Brazil was delayed for three months in order to allow a cooperation agreement with Iraq to be made official. Therefore, they appear to be hurt when they learn of remarks, recently made by Brazilian Government officials, that their presence in Iraq and their consulting work for the Iraqi Government was "unknown" or "unpatriotic." "This is an insult," said one of them.

The group feels like it was abandoned, but it does not admit the use of expressions like hostages or prisoners when it talks about its situation in Iraq. The meeting with the Brazilians took place in the apartment of one of them in downtown Baghdad. It is a condominium owned by the Iraqi Government. This condominium is basically used to accommodate foreign technicians and diplomats. It is made of blocs of nine-story concrete buildings with fairly comfortable apartments. All of them live virtually together and, until recently, they lived near Soviet and Yugoslav technicians.

The bloc of buildings is guarded by policemen day and night and it can only be visited with an authorization. To the rear of the bloc is the Melia Hotel, one of the most luxurious in the Middle East. This placed at their disposal a restaurant and a swimming pool. The hotel is now unavailable because it is occupied by British hostages.

The technicians say that when things were normal and their families were together, life in Baghdad was not bad. Their children went to the International School, which has an American program. The members of the group have known each other for a long time. Some of them attended the university together. Their wives got along well, and they were in touch with many other Brazilians from other companies. With the Gulf crisis, however, that routine was radically changed.

After two weeks at the Mendes Junior camp, the wives left; and their husbands are trying to continue working as if nothing has happened. Their apartments are still full of personal objects, which strongly reinforces memories of their wives and children and homesickness. The same meetings to talk about the same things are repeated, with a lot of beer, whiskey, and the same old films. Telephone calls to Brazil do not significantly alleviate this situation.

"The people feel that our security especially depends on keeping the client satisfied," said one of the technicians, adding: "We are demonstrating to the Iraqis that we continue working, but the embargo actually makes it difficult for us. There is a lot of equipment that can only be brought from abroad, and this is absolutely impossible now."

If, at the beginning of the crisis, many believed that the work could be continued without major problems, some of them are now considering an entirely different position. They all think only of getting out as soon as possible, but they are concerned over the atmosphere they will find at home. "We never thought of causing any difficulties for Brazilian policy, and much less of causing embarrassment to the government," said one of the technicians, adding: "Especially since the Brazilian Government has always been fully aware of it. This cooperation would have never taken place without the approval of the authorities."

Situation in Iraq, Status of Citizens Reported

PY0409013090 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 3 Sep 90

[Excerpt] [passage omitted] Journalists are facing difficulties in sending their reports from Iraq. Here is Rede Globo special correspondent Pedro Bial's phone report from Baghdad:

[Begin Bial recording] Reacting to the embargo against its airline, Iraq has closed its airspace to foreign airlines. The distribution of rationing tickets started today in Baghdad; for example, bread cannot be purchased without tickets. The price of beef has gone up and new soft drink brands brought from Kuwait have appeared on the local market.

The negotiations for the withdrawal from Iraq of the 213 employees of the Mendes Junior Company are still dragging along. Maxion do Brasil yesterday broke off its contract with the Iraqi Government in an attempt to free its 14 employees working in Baghdad. There is good news about the 18 Volkswagen Company employees. An agreement is about to be reached and, if everything goes well, they will be allowed to return to Brazil in six days.

The negotiations for the withdrawal of the 18 other Brazilian engineers and experts, who are working on a military project, have reached a decisive stage. [end recording]

President Reportedly Considering Cabinet Changes

PY3109233790 Sao Paulo FOLHA DE SAO PAULO in Portuguese 29 Aug 90 p 4

[Report by Gilberto Dimenstein]

[Excerpts] President Fernando Collor is studying changes in his cabinet that will take place after this year's elections. He has indicated to his advisers that he is "not satisfied" with at least three of his ministers: Justice Minister Bernardo Cabral, Infrastructure Minister

Ozires Silva, and Labor Minister Antonio Rogerio Magri. They will not necessarily be fired, but they will be reassigned.

Viewing Collor's inner feelings it can be said that he is greatly "disenchanted" with Cabral. Collor has indicated that he was "convinced" that Cabral had two things going for him when he was invited to become justice minister: political acumen and a indisputable legal knowledge acquired when he was an adviser to the Constituent Assembly.

But, there were successive defeats in Congress and the judicial branch, causing the government a lot of wear and tear, according to Collor. In private talks, Collor indicated that he had not been alerted to the unconstitutionality of certain measures and that he had imagined that Cabral would be the government's political adviser.

Relations between Ozires Silva and Collor became shaky after the episode in which the SOS Highways project, promoted by the then Transport Secretary Marcelo Ribeiro, was not opened for bids. With the support of the PRN [National Reconstruction Party] treasurer, Collor himself selected Ribeiro as transport secretary. [passage omitted]

Since that time Planalto Palace advisers close to the president have revealed that Ozires Silva has fallen into "disgrace" and that a replacement has already been chosen: Energy Secretary Rubens Costa. [passage omitted]

Collor has lauded Magri's "loyalty," but he has said confidentially that the minister has not overcome problems created by his lack of experience in public administration. According to Collor, even more important is the fact that, despite his union membership, Magri has not improved the rapport between the government and the labor sector, especially with the CUT [United Federation of Workers]. The government has not abandoned the idea of a social pact to fight inflation, and this will need the approval of the union leaderships, including the CUT.

Government Raises Rates, Removes Price Controls

PY0109183090 Sao Paulo FOLHA DE SAO PAULO in Portuguese 31 Aug 90 Economic Section p 1

[Report by Rosenildo Ferreira]

[Excerpts] Brasilia—Yesterday the government raised fuel and electricity prices, post office rates, and announced elimination of the list of prices controlled by Sunab [National Superintendency of Supplies]. Economy National Secretary Joao Maia said that in this way, the electoral campaign promise that the economy would be deregulated—later reaffirmed when the Collor plan was issued—is being fulfilled.

Fuel and electricity prices were readjusted by 9 percent; the new prices go into effect today. Gasoline is now sold at 38.75 cruzeiros [per liter]—the IVV [sales tax] not included; alcohol at 29.11 cruzeiros; and diesel oil at 18.95 cruzeiros. The regular mail rate (up to 10 grams) is now 9.5 cruzeiros, 9.5 percent higher. The prices of other services provided by the Brazilian Postal and Telegraph Company (ECT) in competition with private companies were deregulated.

Economy National Secretary Joao Maia noted that the idea is to maintain "a market rate policy." He said these increases will not affect the economic stabilization program, because their impact on September inflation will be less than 1 percent. [passage omitted]

Maia said deregulation of the economy implies responsibility on the part of businessmen, adding that "we are doing something unprecedented in this country, but we will watch out for possible abuses."

One of the main weapons the economic team can use against unfair market practices (the formation of cartels and oligopolies) is lowering import duties. [passage omitted]

New $1.23-Billion Program To Create 100,000 Jobs

PY3108195390 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 31 Aug 90

[Text] The government has begun to implement a sanitation plan that will create 100,000 jobs across the country. The immediate sanitation plan is budgeted at $1.23 billion, more than 87 billion cruzeiros, which will be distributed in 3 basic programs. The first program will be financed through a guarantee fund in urban sectors. The second program will be implemented in lower income sectors using World Bank funds. The third program will be an emergency social program funded with IDB dollars. This program is expected to create 100,000 jobs all over Brazil.

[Begin Sanitation Secretary Walter Annichino recording] We have $400 million, equivalent to some 530 million BTN's [National Treasury Bonds], that will be invested in construction of sewage and drainage systems. The program seeks to provide those services, which are in short supply in Brazil, and at the same time to create jobs. [end recording]

Government Increases Minimum Wage 16.39 Percent

PY0109165490 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 1 Sep 90

[Text] The minimum wage has been increased as of today to 6,056.31 cruzeiros. The increase, which is 16.39 percent, was based on price variations in basic foods from July to August 1990.

Minister Announces End of Compulsory Union Tax

PY0109005190 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Aug 90 p 1

[Text] On 29 August Antonio Rogerio Magri, labor and social security minister, announced the end of the compulsory union tax. The decision was made during a meeting with Economy Minister Zelia Cardoso de Mello,

Justice Minister Bernardo Cabral, and General Adviser Celio Silva. They have suggested to President Fernando Collor that he issue the pertinent provisional measure. The president still may want to send the bill to Congress. The labor minister believes that the unions must survive with voluntary membership dues.

French Company Signs Satellite Launch Contract

PY0409023790 Brasilia Domestic Service in Portuguese 2200 GMT 3 Sep 90

[Text] Embratel [Brazilian Telecommunications Company] and a French company signed a contract in Rio de Janeiro today arranging the supply of a rocket to launch two Brazilian second-generation satellites. The $96-million contract was signed by Embratel President Francisco Albuquerque and (?Charles Bivot), chairman of the French company's executive board.

An Ariane-4 rocket will launch the Brasilsat B-1 and B-2 satellites from the Ariane space base in Kourou, French Guiana. The Brasilsat B-1 will be launched in April 1994 and the B-2 in October 1994. They will replace two communications satellites currently in orbit.

Colombia

Local Trials To Take Priority Over Extradition

PA0309184990 Bogota Radio Cadena Nacional in Spanish 1200 GMT 3 Sep 90

[Text] Bogota—The National Government will not extradite Colombians who have committed crimes in the country and who also are being sought by the U.S. authorities. This was announced by Justice Minister Jaime Giraldo Angel, who told this station that Colombia has the necessary judicial framework for trying its citizens. Giraldo said that extradition should be used to fight international crime, particularly that connected to drug trafficking.

Further on Extradition Policy

PA0409000990 Madrid EFE in Spanish 2130 GMT 3 Sep 90

[Text] Bogota, 3 Sep (EFE)—The government of Colombian President Cesar Gaviria has announced it will be less harsh than the previous Colombian Administration as regards extradition to the United States—the instrument most feared by narcotics traffickers—inasmuch as the current administration feels that this is not the only instrument to use against the crime of drug trafficking.

Evidence of the change in this previously drastic stand of the Colombian Government against the mafias is that no Colombian citizen wanted by the United States on narcotics trafficking has been extradited since Gaviria took over as president on 7 August.

Justice Minister Jaime Giraldo stated a few hours ago that the government is in no rush to make any decision on the extradition of its citizens, in spite of the requests made to the Justice Ministry.

Former President Virgilio Barco resumed the use of extradition, a process that had been used since 1984 against the mafias, in August 1989 following the murder of former presidential candidate Luis Carlos Galan, a crime attributed to the narcotics traffickers.

Justice Minister Giraldo, who announced the revision of the extradition policy, advised that the government will only turn over to U.S. courts those alleged narcotics traffickers who have no cases pending in the national territory.

Jaime Giraldo said that the Colombian Government is not extraditing people who have committed crimes only in this country, explaining that the alleged crimes of The Extraditables have been committed in the United States.

The minister agreed with the stand voiced by Cesar Gaviria to the effect that the extradition of persons charged with smuggling drugs and laundering money is not the only instrument for fighting narcotics trafficking.

Giraldo told Radio Cadena Nacional (RCN) that the country has the capacity to judge its own citizens, and when the crime is committed in Colombia the case will necessarily be brought before Colombian judges.

The change in the ways of fighting drug trafficking is also reflected in a noticeable drop in drug-related violence since the Gaviria government was installed one month ago and when Minister Giraldo announced that extradition would be halted if terrorism stopped.

The justice minister said that the cases of each of the 16 detainees in Bogota are being carefully studied before deciding on their extradition. He added that we are not making any hasty decisions that may unfairly affect citizens' rights.

Giraldo also referred to Colombian security reports on the noticeable increase in cocaine trafficking and mafia activities in Europe. He hoped that the recent upheaval may serve to control international crime.

Giraldo added that he hoped for greater control of not only drug trafficking but other crimes as well, such as terrorism, gun running, or economic terrorism using computer networks, which threaten the whole world.

The justice minister reiterated the Colombian Government's call for international help against drug trafficking, and said that if the affected countries failed to check consumption, gun running, and money laundering, we will get nowhere.

He said that Colombia is bent on showing the world that this problem cannot be fought by just one country. It is a problem of all countries, and all must help exterminate it.

The Supreme Court overruled the 1984 extradition law in 1987, so since then the government has extradited to the United States citing a state of siege decree. Twenty people

charged in the United States with drug trafficking and related crimes have been extradited there since 1987.

Between 1984 and 1987 21 Colombians and one American were extradited. However, three years ago the Supreme Court declared the extradition mechanism unconstitutional, which was based on a 1979 treaty between Colombia and the United States.

Of the 42 persons extradited over the last six years, only jewelry businessman Nelson Cuevas has been acquitted. Cuevas sued the Colombian Government for $1 million for extraditing him on unfounded charges by a New York court.

EPL, Self-Defense Groups Sign Peace Agreement

PA0309014190 Madrid EFE in Spanish 0040 GMT 3 Sep 90

[Text] Bogota, 2 Sep (EFE)—Bernardo Gutierrez, leader of the Popular Liberation Army (EPL), has announced that the rebel organization and the self-defense groups that operate in the northeastern sector of Colombia signed a peace agreement today.

Commander Gutierrez described the signed pact as an historic agreement because the two parties have been fighting among themselves in that region for the past 20 years.

Bernardo Gutierrez said that the EPL and the self-defense groups in Cordoba and Antioquia signed the nonaggression pact after meeting this weekend at an EPL camp.

The EPL is currently holding peace talks with Colombian President Cesar Gaviria's government. The talks began during the government of President Virgilio Barco and they are aimed at helping the rebels join civilian life.

Members of the 19 April Movement Democratic Alliance were present when the EPL and the self-defense groups signed the peace agreement.

Gutierrez stressed that this is a definitive agreement aimed at achieving peace and understanding in the region. He added that this is an important step in the process with the government because it will help achieve reconciliation.